No. 92-1750-CFX
Status: GRANTED

Title: John C. Fogerty, Petitioner
v.
Fantasy, Inc.

Docketed:
May 3, 1993

Court: United States Court of Appeals for the Ninth Circuit

Counsel for petitioner: Sidle,Kenneth I.

Counsel for respondent: Robbins,Lawrence S., Rudman,Norman

Entry	Date	Note	Proceedings and Orders
10	Sep 14 1983		Joint appendix filed.
1	May 3 1993	G	Petition for writ of certiorari filed.
3	Jun 1 1993		Brief of respondent Fantasy, Inc. in opposition filed.
2	Jun 2 1993		DISTRIBUTED. June 18, 1993
4	Jun 21 1993		Petition GRANTED.
			**********
5	Jul 19 1993		PARTIES PROCEEDING UNDER THE DEFERRED APPENDIX METHOD.
6	Aug 5 1993		Brief of petitioner John Fogerty filed.
7	Aug 5 1993		Brief amicus curiae of Hewlett-Packard Company filed.
8	Sep 8 1993		Brief amicus curiae of Apple Computer, Inc. filed.
9	Sep 8 1993		Brief of respondent Fantasy, Inc. filed.
11	Oct 12 1993		CIRCULATED.
13	Oct 13 1993	X	Reply brief of petitioner filed.
12	Oct 14 1993		SET FOR ARGUMENT WEDNESDAY, DECEMBER 8, 1993.(2ND CASE).
14	Nov 24 1993		Record filed.
		*	Partial proceedings United States Court of Appeals for the Ninth Circuit.
15	Dec 6 1993		Record filed.
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16	Dec 8 1993		ARGUED.

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No. 92-1750

In The
Supreme Court of the United States
October Term, 1992

JOHN C. FOGERTY,

Petitioner,

vs.

FANTASY, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

PETITION FOR WRIT OF CERTIORARI

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I.

QUESTION PRESENTED

Whether the prevailing Ninth Circuit standard for awarding attorney's fees in copyright actions, which makes it more difficult for prevailing defendants to obtain an award of attorney's fees than for prevailing plaintiffs and which precludes awards of attorney's fees to prevailing defendants absent a finding that the action was frivolous or brought in bad faith, is the proper standard to be applied under the Copyright Act, 17 U.S.C. § 505.

II.

PARTIES TO THE PROCEEDINGS

In addition to the Petitioner and Respondent named in the caption, above, the following entities were defendants and appellants in the proceedings below: Warner Bros. Records Inc., WEA International Inc., WEA Manufacturing Inc., Warner-Elektra-Atlantic Corporation, and Warner Communications Inc. (sometimes referred to collectively herein as the "Warner Defendants"). The only issue raised in this petition relates to the proper standard for an award of attorney's fees to prevailing defendants, and due to a contractual agreement between them, Fogerty has indemnified the Warner Defendants for and in fact paid the attorney's fees incurred by such defendants.

Pursuant to Rule 29.1 of the Supreme Court Rules, Petitioner makes the following disclosure: Warner-Elektra-Atlantic Corporation (referred to as "WEA Corporation" in the proceedings below) is a subsidiary of Warner Bros. Records Inc. Warner Bros. Records Inc., WEA International Inc., and Warner Manufacturing Inc. are subsidiaries of Warner Communications Inc. Warner Communications Inc. is a direct subsidiary of TWE Holdings Inc. and an indirect subsidiary of Time Warner Inc. While some of the Warner entities which are parties to this action have subsidiaries, such subsidiaries are wholly-owned. None of the Warner entities which are parties to this action are publicly traded corporations, and, of the parent and subsidiary corporations listed above, only Time Warner Inc. is a publicly-traded corporation.

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No. _____

In The

Supreme Court of the United States

October Term, 1992

JOHN C. FOGERTY,

Petitioner,

vs.

FANTASY, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

PETITION FOR WRIT OF CERTIORARI

Petitioner respectfully petitions this Court to issue a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit, contained in its opinion dated February 2, 1993, in the matter of *Fogerty, et al. v. Fantasy, Inc.*, Nos. 88-15815, 88-15816, 89-15118, and 89-15120.

IV.

JUDGMENTS BELOW

The judgment and opinion in the matter of *Fogerty, et al. v. Fantasy, Inc.*, Docket Nos. 88-15815, 88-15816, 89-15118, and 89-15120, was entered by the United States Court of Appeals for the Ninth Circuit on February 2, 1993, and is reported at 984 F.2d 1524 (9th Cir. 1993). A copy of the judgment and opinion is attached hereto at Appendix A-1. (The Appendix shall be referred to herein as "App.") The opinion and order of the United States District Court in Case No. C85-4929-SC dated January 6, 1989, which was affirmed by the above, is unreported and is attached hereto at App. A-23.[1]

V.

JURISDICTION

The jurisdiction of this Court is invoked pursuant to 28 U.S.C. § 1254(1). The order of the Ninth Circuit for which review is sought was entered on February 2, 1993. (App. A-1.) No petition for rehearing was sought in the Ninth Circuit, and no extension of time within which to file a petition for a writ of certiorari has been sought.

[1] The Court of Appeals in *Fogerty v. Fantasy, Inc.*, 984 F.2d 1524 (9th Cir. 1993) also affirmed two other orders of the District Court, dated May 2, 1986 and June 9, 1987, which are not the subject of this petition.

VI.

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

17 U.S.C. § 505. Remedies for Infringement: Costs and Attorney's Fees.

In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

VII.

STATEMENT OF THE CASE

Petitioner Fogerty seeks review by writ of certiorari of an order of the Ninth Circuit Court of Appeals entered on February 2, 1993, affirming the orders of the court below. (App. A-1.) In particular, Petitioner seeks review of the Court of Appeals' order affirming the District Court's denial of an award of attorney's fees to Fogerty and the Warner Defendants[2] after they prevailed at trial on respondent Fantasy Inc.'s ("Fantasy") copyright infringement claims. (App. A-23 at A-30 through A-32.)

[2] Pursuant to a customary provision in such contracts, in accordance with the songwriting contract between Fogerty and the Warner Defendants, Fogerty indemnified and reimbursed the Warner Defendants for their attorneys' fees and costs incurred in defending this action, paying a total of over $1 million for both his and the Warner Defendants' defenses. *See* footnote 5, *infra*.

Fogerty's relationship with Fantasy and the music publishing contracts at issue in this copyright infringement action goes back to 1968, when Fogerty was the lead singer and songwriter of a musical group which came to be known as "Creedence Clearwater Revival" ("CCR"). Within a very short period of time, CCR became hugely successful, making several record albums which went "platinum," recording singles which reached the Billboard Top Ten, and selling tens of millions of records. CCR, with Fogerty as its creative leader, developed a distinctive style of music (dubbed "swamp rock" by the media) which was and still is widely popular.

Due in part to numerous disputes with Fantasy's predecessor entities, CCR disbanded in 1972. In 1974, Fantasy's predecessor allowed Fogerty to buy his partial freedom from his recording and music publishing agreements, and Fogerty signed with Elektra/Asylum Records, then a division of Warner Communications Inc. In 1980, Fogerty completed the purchase of his freedom from his agreements with Fantasy's predecessors. In 1984, Fogerty and the Warner Defendants released an album entitled "Centefield," Fogerty's first album in ten years. This album was critically acclaimed and a hit with the public, selling over two million copies. It was for a time the number one selling album in the United States.

The "Centerfield" album included, among others, a song entitled "Old Man Down The Road" ("Old Man"). Within months after the release of "Centerfield," two lawsuits were simultaneously filed which challenged Fogerty's right to create and market the songs on "Centerfield": this action for copyright infringement and other

claims with respect to the song "Old Man," and a defamation action in which Saul Zaentz, the principal owner of Fantasy, claimed that two other songs on the "Centefield" album defamed him.[3] During the course of the copyright trial, Zaentz testified that the copyright and defamation actions brought against Fogerty were "an answer to a vendetta." (Reporter's Transcript at 908.)

Fantasy's federal copyright infringement claim in this action was based upon its assertion that "Old Man," the copyright to which is owned by Fogerty, was an unauthorized copy of the song "Run Through The Jungle" ("Jungle"), which Fogerty had written in or about 1970 and the copyright to which is claimed by Fantasy. The jury trial of Fantasy's federal copyright infringement claim[4] commenced on October 24, 1988. On November 7,

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[3] This was not the first litigation filed between Fantasy and Fogerty. In 1978, Fogerty and his wife, Martha, had filed a complaint in state court in California which included Fantasy's predecessor (Argosy Venture) and Saul Zaentz as defendants. After Fantasy's predecessor and Zaentz were dismissed from that action on statute of limitations grounds, Zaentz brought a lawsuit against Fogerty for malicious prosecution. Zaentz' action against Fogerty was later dismissed on summary judgment.

[4] Fantasy's original Complaint, filed on July 26, 1985, alleged claims for copyright infringement, breach of contract, breach of the covenant of good faith and fair dealing, conspiracy, violation of 15 U.S.C. § 11250(a), unfair competition, declaratory relief and conversion. The pendant, state law and Lanham Act claims asserted by Fantasy were voluntarily dismissed before trial after Fogerty filed a motion for judgment on the pleadings with respect to such claims. Fogerty counterclaimed against Fantasy, alleging claims for rescission of his music publishing agreements with Fantasy's claimed predecessors and for

1988, after only a little over two hours of deliberations, the jury returned a verdict for the defendants and against Fantasy, and judgment was entered for Fogerty and the Warner Defendants on that date.

After the successful conclusion of the jury trial and the entry of judgment on the jury verdict in favor of all defendants and against plaintiff, Fogerty and the Warner Defendants filed a motion for an award of their actual costs and for an award of reasonable attorney's fees pursuant to 17 U.S.C. § 505. In support of the motion, the moving parties submitted evidence documenting their actual costs in the sums of $129,882.80 and $28,042.32 and their actual legal fees in the sums of $735,335.00 and $197,462.00.[5] Fogerty argued, among other things, that

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restitution of his songs, copyright infringement, damages, and an accounting. Certain parts of Fogerty's counterclaims were stricken by order of the District Court entered on May 2, 1986, and, on June 9, 1987, the District Court granted summary judgment to Fantasy on Fogerty's first and second counterclaims for rescission and copyright infringement.

[5] The total legal fees incurred by defendant Fogerty were $735,335.00, and the total costs incurred by him were $129,882.80. The total legal fees incurred by the Warner Defendants were $197,462.00 and the total costs, $28,042.32. Pursuant to the song writing contract between them, Fogerty indemnified and actually paid the legal fees and costs incurred by the Warner Defendants. Hence, Fogerty incurred a total of $1,090,722.12 in legal fees and costs in this action. The magnitude of the fees incurred in this action is the result, in part, of the extensive discovery conducted by Fantasy (who took Fogerty's deposition for five days without even getting to the songs in question) and motion practice regarding the extent to which Fantasy could include foreign sales proceeds of the Warner Defendants in its damage claim and several hearings regarding

Fantasy and Zaentz had bad faith motives in prosecuting Fogerty as part of a vendetta and not out of any actual belief in the validity of the copyright infringement claim. The District Court awarded costs only in the sums of $18,012.60 and $2,063.25[6] and denied in full the request for an award of reasonable attorney's fees.

In denying an award of attorney's fees to the defendants, the District Court stated that it was doing so based upon the Ninth Circuit standard for awards of attorney's fees to prevailing defendants under 17 U.S.C. § 505, which standard requires a finding of either frivolousness or bad faith in order for such an award to be made to a defendant who defeats a claim of copyright infringement. (App. A-23 at A-30.) In applying this standard, the District Court held:

> "The Court finds that Fantasy's infringement suit was not brought frivolously nor in bad faith. Although the facts of this case did not present the textbook scenario of copyright infringement, the Court has held that Fogerty could indeed be held liable for copyright infringement even where he also wrote the song

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legal issues in the case. *See, e.g., Fantasy Inc. v. Fogerty*, 654 F.Supp. 1129 (N.D. Cal. 1987); *Fantasy Inc. v. Fogerty*, 664 F.Supp. 1345 (N.D. Cal. 1987). In addition, the case was pre-tried several times, and the trial itself lasted two weeks.

[6] Section 505 allows for *recovery* of "full costs." There is no rationale for limitation of costs as ordered by the District Court. Other courts have even allowed double the costs incurred to be awarded against a plaintiff in a copyright action. *See, e.g., Simon & Flynn, Inc. v. Time, Inc.*, 513 F.2d 832 (2nd Cir. 1975). *See also*, 3 M. Nimmer and D. Nimmer, *Nimmer on Copyright* (Matthew Bender 1992), Section 14.09, pp. 14-106 to 14-107.

allegedly infringed, *Fantasy, Inc. v. Fogerty*, 654 F. Supp. 1129, 1132 (N.D.Cal. 1987). Fantasy's suit was not frivolous merely because it presented a case of first impression. Nor does Fantasy's "knowledge of Fogerty's creativity" mean that this suit was brought in bad faith, where a finding of subconscious copying would have supported Fantasy's infringement claim. And although the Court did not allow Fantasy to maintain a "breach of warranty" claim, Fantasy's attempt to argue such a theory is no more in bad faith than was Fogerty's pretrial assertion that the "fair use" defense of the Copyright Act was applicable to him.

"Because the Court finds that Fantasy's suit alleging that 'Old Man' infringed upon 'Jungle' was not filed frivolously nor in bad faith, the Court finds that whatever animosity exists between Fogerty and Zaentz does not warrant an award of attorneys' fees. Fogerty's motion for attorneys' fees is HEREBY DENIED."

(App. A-23 at A-31 through A-32.)

On appeal to the Ninth Circuit, Fogerty and the Warner Defendants requested, *inter alia*, that the Court of Appeals adopt an evenhanded rule for awards of attorney's fees pursuant to 17 U.S.C. § 505, or carve out an exception to the dual standard in cases where self-copying is alleged against a defendant.[7] Defendants requested an *en banc* hearing with respect to this issue, which was

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[7] Fogerty also argued that the District Court did not properly apply the standard in this case, because it assumed that an action which is not frivolous (accepting the way the court erroneously defined "frivolous") cannot be brought in bad faith.

denied. In affirming the District Court's denial of an award of attorney's fees to Defendants, the Court of Appeals held:

> "With regard to Fogerty's argument that the existing Ninth Circuit standard should be abandoned in favor of the approach of the Third and Eleventh Circuits, this panel is bound by the existing circuit rule, which conforms with the approach of the Second and Seventh Circuits. *See, Video Views, Inc. v. Studio 21, Ltd.*, 925 F.2d 1010, 1022 (7th Cir.), *cert. denied*, 112 S.Ct. 181 (1991); *Roth v. Pritikin*, 787 F.2d 54, 57 (2nd Cir. 1986). We decline to create an exception or to call for an *en banc* hearing to revisit the rule at this time."

(App. A-1 at A-22.) It is this ruling which is the basis for Fogerty's petition to this Court for a writ of certiorari.

VIII.

BASIS FOR FEDERAL JURISDICTION IN THE DISTRICT COURT

The District Court had subject matter jurisdiction over respondent Fantasy's claim for copyright infringement pursuant to 17 U.S.C. § 501 *et seq.* and over pendant claims pursuant to 28 U.S.C. §§ 1331, 1338(a). The District Court had subject matter jurisdiction over Fogerty's counterclaims pursuant to 17 U.S.C. § 501 *et seq.* and pendant jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338(b).

IX.

REASONS FOR GRANTING A WRIT OF CERTIORARI IN THIS CASE

A. The Dual Standard for Awarding Attorney's Fees in Copyright Actions Adopted by the Ninth Circuit, Which Makes it More Difficult for Prevailing Defendants to Recover Their Attorney's Fees then Prevailing Plaintiffs, is in Conflict with the Even-Handed Standard Adopted by Other Circuits in Applying 17 U.S.C. § 505.

Since 1982, it has been the law in the Ninth Circuit that a prevailing defendant in civil litigation brought under the Copyright Act may not be awarded attorney's fees under Section 505 unless it can be demonstrated that the action was frivolous or was instituted and prosecuted in bad faith. *Jartech, Inc. v. Clancy*, 666 F.2d 403, 407 (9th Cir. 1982), *cert denied*[8] 459 U.S. 826, 879, 103 S.Ct. 58, 175, 74 L. Ed. 2d 62, 143 (1982), *reh'g denied*, 459 U.S. 1059, 103 S.Ct. 477, 74 L. Ed. 2d 624, *second reh'g denied*, 463 U.S. 1237, 104 S.Ct. 33, 77 L. Ed. 2d 1453 (1983) (where attorney's fees awarded to prevailing copyright defendant, it is a penalty for frivolous or bad faith suit); *Cooling Systems and Flexibles, Inc. v. Stuart Radiator Inc.*, 777 F.2d 485, 493 (9th Cir. 1985) (fees awarded to prevailing defendant under § 505 due to sufficient evidence of bad faith and frivolousness of suit); *McCulloch v. Albert E. Price, Inc.*, 823 F.2d 316, 322-323 (9th Cir. 1987) (specifically adopts

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[8] The questions presented on the petition for certiorari did *not* include whether the dual standard was the proper standard to apply under 17 U.S.C. § 505.

dual standard for fee awards to defendants versus plaintiffs, finding prevailing defendants must demonstrate bad faith or frivolousness but prevailing plaintiffs are generally to be awarded their fees); *Olson v. National Broadcasting Company, Inc.*, 855 F.2d 1446, 1454 (9th Cir. 1988) (court bound by previous Ninth Circuit decisions to apply dual standard of awarding fees and cannot adopt evenhanded standard without en banc hearing); *Bibbero Systems, Inc. v. Colwell Systems, Inc.*, 893 F.2d 1104, 1108-9 (9th Cir. 1990) (denies defendant's request for fees and applies dual standard, rejecting request for change to evenhanded rule); *Pasillas v. McDonalds' Corp.*, 927 F.2d 440, 443-4 (9th Cir. 1991) (rejects defendant's request for attorney's fees because suit was not frivolous or in bad faith, applying dual standard); *Academy of Motion Pictures Arts and Sciences v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1457-58 (9th Cir. 1991) (relying on dual standard, rejects defendant's request for fees because action was not frivolous or in bad faith; court cannot adopt evenhanded rule without en banc hearing).

In contrast, the Ninth Circuit applies a different standard where a plaintiff, as opposed to a defendant, prevails in a civil action under the Copyright Act, and, in such circumstances, reasonable attorney's fees are generally awarded to such plaintiffs without demonstrating anything other than that the plaintiff prevailed and that the fee was reasonable. *Frank Music Corp. v. Metropolitan-Goldwyn-Mayer, Inc.*, 886 F.2d 1545, 1556 (9th Cir. 1989), *cert. denied*, 494 U.S. 1017, 110 S.Ct. 1321, 108 L. Ed. 2d 496 (1990); *McCulloch, supra*, 823 F.2d at 323. This "dual" or "asymmetrical" approach adopted by the Ninth Circuit, is, in essence, a judicial gloss on the attorney's fees provision of the Copyright Act which imposes additional considerations of policy upon fee awards to defendants

which are not expressed in the Copyright Act or in the legislative history of Section 505.

The Second, Seventh, and District of Columbia Circuits have agreed with the Ninth Circuit's interpretation of Section 505 and have applied a dual standard which imposes a greater burden on prevailing defendants for awards of attorney's fees in copyright infringement actions than that imposed on prevailing plaintiffs. *See, e.g., Diamond v. Am-Law Publishing Corp.*, 745 F.2d 142, 148-149 (2nd Cir. 1984) (upholding distinction between awarding fees to prevailing plaintiffs and defendants in copyright actions and requiring defendant to establish lack of objective merit to plaintiff's claims); *Roth v. Pritikin*, 787 F.2d 54, 57 (2nd Cir. 1986) (adopts dual standard and reverses award of fees to defendant due to absence of finding that claim was "baseless, frivolous, unreasonable or brought in bad faith"); *Video Views, Inc. v. Studio 21, Ltd.*, 925 F.2d 1010, 1022 (7th Cir. 1991), *cert. denied*,[9] ___ U.S. ___, 112 S.Ct. 181, 116 L. Ed. 2d 143 (1991) (defendant did not prevail, but even if it did, prevailing defendant must demonstrate that claim was brought in bad faith or was frivolous to recover fees); *Reader's Digest Association, Inc. v. Conservative Digest, Inc.*, 821 F.2d 800, 809 (D.C. Cir. 1990) (does not address conflict among circuits, but states that "courts generally have agreed" that defendants are entitled to fees in copyright suits only when claims are frivolous or brought in bad faith; upholding denial of fees to defendant because claim was not frivolous).

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[9] The question presented on the petition for certiorari was unrelated to the question of whether the dual standard was the proper standard to apply under 17 U.S.C. § 505.

In contrast, the Third, Fourth and Eleventh Circuits have interpreted Section 505 to mean what it says and have applied an "evenhanded" standard. Prevailing parties are permitted an award of attorney's fees, and the discretion of the district court to award attorney's fees under the statute is not limited where the defendant is the prevailing party. *See, e.g., Sherry Manufacturing Co. v. Towel King of Florida Inc.*, 822 F.2d 1031, 1033-35, n. 3 (11th Cir. 1987) (prevailing defendant in copyright action need not establish that plaintiff acted in bad faith or suit frivolous to recover attorney's fees); *Lieb v. Topstone Industries Inc.*, 788 F.2d 151, 154-56 (3d Cir. 1986) (rejecting dual standard of Ninth and Second Circuits and holding that there is not an absolute requirement of bad faith or frivolousness for an award of fees to a prevailing defendant); *Cohen v. Virginia Electric and Power Company*, 617 F.Supp. 619, 620-623 (E.D. Va. 1985), *affirmed*, 788 F.2d 247 (4th Cir. 1986) (adopting evenhanded rule and rejecting Second Circuit standard, holding that legislative history of Section 505 provides no basis for departing from plain meaning of section and no policy favors the dual standard).

The view of the Third, Fourth and Eleventh Circuits holds that there is no congressional intent expressed in the statute to create a distinction in favor of plaintiffs in copyright litigation. This evenhanded or "unified" approach rejects bad faith or frivolousness of a legal claim as absolute requirements for an award of attorney's fees to a prevailing plaintiff *or* to a prevailing defendant, although such factors may of course be considered by the district court in exercising its discretion under Section 505.

The remaining circuits have not yet addressed the issue of what standard to apply to awards of fees to a prevailing defendant in copyright actions, either not addressing the conflict among the circuits or expressly refusing to take sides. *See, e.g., Hughes v. Novi American, Inc.*, 724 F.2d 122, 125-126 (Fed. Cir. 1984) (did not address conflict, but upheld award of fees to prevailing copyright defendant where counsel knew there was no merit to the claim and plaintiff gave false answers to discovery requests); *Herbert v. Wicklund*, 744 F.2d 218, 223-224 (1st Cir. 1984) (not reaching question of what standard to apply to prevailing defendant due to failure to preserve issue for appeal); *MCA, Inc. v. Parks*, 796 F.2d 200, 204-5 (6th Cir. 1986) (discusses split in courts regarding whether to require bad faith for awards of fees in copyright actions or to apply evenhanded approach, but states that proper standard for award of fees is not before it on appeal); *Hartman v. Hallmark Cards, Inc.*, 833 F.2d 117, 122-23 (8th Cir. 1987) (discussing conflict among circuits in awarding attorney's fees under Section 505 and holding that case before it did not require selection of definitive standard).

While the First Circuit has not decided what standard to apply to prevailing defendants in copyright actions, two district courts in that circuit have adopted the "dual" standard and have required defendants to demonstrate bad faith or frivolousness to recover fees. *See Motta v. Samuel Weiser, Inc.*, 633 F. Supp. 32, 33 (D. Me. 1986); *Flag Fables, Inc. v. Jean Ann's Country Flags and Crafts, Inc.*, 753 F. Supp. 1007, 1016-17 (D. Mass. 1990). Similarly, in the Sixth Circuit, one district court has adopted the dual standard of the Ninth and Second Circuits and held that

awards to prevailing defendants under Section 505 are "disfavored" absent a frivolous or bad faith prosecution by the plaintiff. *Dean v. Burrows*, 732 F. Supp. 816, 826-27 (E.D. Tenn. 1989). In the Tenth Circuit, one district court has addressed the split among the circuits on this issue and has applied the dual standard, denying attorney's fees to a prevailing defendant because the lawsuit was not frivolous or brought in bad faith. *Rural Telephone Service Co., Inc. v. Feist Publications, Inc.*, 24 U.S.P.Q. 2d (BNA) 1312, 1992 U.S. Dist. LEXIS 10289, Copyright L. Rep. (CCH) ¶ 27,035 (D. Kan. 1992).

In contrast, in the Eighth Circuit, a district court has analyzed the split among the circuits, and, noting the Eighth Circuit's avoidance of adopting any particular standard, has held that neither prevailing plaintiffs nor prevailing defendants should be awarded attorney's fees as a matter of course. *Words & Data, Inc. v. GTE Communications Services, Inc.*, 765 F.Supp. 570, 581-83 (W.D. Mo. 1991) (denying award of fees to prevailing defendant because plaintiff's claim was not baseless).

A review of the case law as it has developed in the Circuit Courts thus demonstrates a clear conflict among the circuits, and a lack of guidance for the district courts in those districts which have not yet taken a position, regarding whether Section 505 requires that prevailing defendants be subjected to a stricter standard for awards of attorney's fees than prevailing plaintiffs. This Court should grant Fogerty's petition for writ of certiorari so that this conflict may finally be resolved.

B. The Proper Interpretation of 17 U.S.C. § 505 Is An Important Question of Federal Law Which This Court Has Not Yet Resolved.

As the law presently stands, copyright infringement plaintiffs fare much better, and defendants much worse, in the Ninth, Seventh, District of Columbia and Second Circuits, where the courts are given much less discretion in determining whether a prevailing defendant may recover the attorney's fees s/he was forced to incur in defending him or herself. The conflict among the circuits regarding the proper interpretation of Section 505 presents an opportunity for plaintiffs with doubtful copyright infringement claims to forum shop and creates uncertainty in those circuits which have not yet ruled upon the question as to the ability of copyright defendants to recover their attorney's fees if they successfully defend themselves in court. This conflict presents an important issue of federal law which has not yet been, but should be, resolved by this Court.

The policies underlying the conflicting dual and evenhanded approaches to interpreting Section 505 of the Copyright Act are well summarized by the decision in *Cohen, supra,* 617 F.Supp. at 622-623:

> " . . . [A]bsolutely nothing in the statute [17 U.S.C. § 505] or in the legislative history gives to courts any authority to distinguish between an award of attorney's fees to a prevailing defendant and an award to a prevailing plaintiff. . . . [¶]Nor am I persuaded that a distinction should be made in an award because there is some need to encourage plaintiffs to file suit which differs in public benefit from a need to encourage

> defendants to defend suits. Copyright laws are not intended for the benefit of prospective plaintiffs. Who may be a plaintiff and who may be a defendant doesn't define the difference between good guys and bad guys. Nor can we assume that plaintiffs are inherently impecunious while defendants have deep pockets. Entities which sue for copyright infringement as plaintiffs can run the gamut from corporate behemoths to starving artists; the same is true of prospective copyright infringement defendants. Nor can it be argued on any principled ground that society is better off when a plaintiff files and wins a copyright infringement suit that when a defendant defends and wins a copyright infringement suit. Indeed, if there is any difference between the two we must remember that it wasn't the defendant who chose to litigate. . . . [¶]
>
> "The statute surely says nothing more or less than that a judge is to use an even-handed approach to awarding attorney's fees to a prevailing party. [Citations omitted.] . . . [P]laintiff caused defendant considerable expense and trouble in plaintiff's losing cause. In other words, plaintiff lost and deserved to lose and there is no reason why the discretion of the court should not be exercised to award fees in accordance with the provisions of the statute."

Nowhere are the *Cohen* court's points more valid than in this case, and this case demonstrates the importance of a resolution of the conflict between the dual and evenhanded standards by this Court. A tremendously gifted artist, Fogerty, whose rights the Copyright Act is designed to protect, is the defendant. Plaintiff is a

wealthy corporation with the animosity and wherewithal to prosecute numerous claims against Fogerty. There is no coherent copyright policy concern which justifies conferri.g a benefit on Fantasy for its actions in unsuccessfully bringing and prosecuting this lawsuit, yet the dual standard adopted by the Ninth Circuit and applied in this case confers a huge benefit on Fantasy by making it more difficult for the defendants to recover their attorney's fees than it would have been for the plaintiff to have recovered its fees had its claims been successful.

Application of the dual standard in cases like the present case results in a tactical windfall to plaintiffs such as Fantasy. It is impossible for a defendant accused of self-copying, who has written both the alleged infringed and alleged infringing works, to extricate himself from an infringement action before trial. The simple elements of an infringement action are access and similarity to a prior copyrighted work, from which copying may be inferred. *Pasillas v. McDonald, supra* at 442; *Shaw v. Lindheim,* 908 F.2d 531, 534 (9th Cir. 1990). Under these circumstances, where the defendant authored both works, the case will almost of necessity go to the jury and not be subject to dismissal because: (a) the requirement of access is necessarily met; (b) substantial similarity of objectively similar works, being by the same author and in the same style, is required to be decided at trial and not on motion, *see Shaw, supra,* 908 F.2d at 541; and (c) the doctrine of "subconscious copying," *see ABKCO Music Inc. v. Harrisong Music Ltd.,* 722 F.2d 988, 997-999 (2nd Cir. 1983), permits a trial even where the author expressly denies copying.

Because a defendant in a self-copying case like this one is unlikely to prevail on a motion to dismiss or for summary judgment, it is also almost impossible under the present Ninth Circuit standard for awarding attorney's fees in copyright actions for such a defendant to obtain an award of the attorney's fees he incurred in defending himself. The District Court's ruling in this action (App. A-23 at A-31 to A-32) demonstrates the difficulty encountered by a prevailing defendant who seeks an award of fees under Section 505 where the dual standard is applied , since the fact that the plaintiff was able to get to the jury was relied upon by the District Court to support both the conclusion that the case was not frivolous and the conclusion that it was brought in good faith, even where the defendants were forced to incur over $1 million in attorney's fees to defend themselves, where the jury was able to decide the lack of merit to the action in two hours, and where there was a history of animosity between the parties.

Fogerty's predicament, and that of others in positions similar to his, when embarking upon new compositions must also be considered. According to the District Court's rulings in this case, an author may be liable for infringement of a work even though he is the author of and the beneficial owner of that work *and* he may infringe that work by subconsciously copying himself. The author must factor into this equation the fact that the corporate owner of the rights to his earlier works may have animosity towards him and a willingness to sue for infringement. The author is thus placed in a position as an artist where he must create new music completely dissimilar to any of his earlier, successful works if he wishes to be confident of avoiding legal attack from those who bear

him ill will and who control the copyrights to his earlier creative works. This is an undesirable perversion of the copyright law and is contrary to the purpose of the Copyright Act, "which is to encourage the production of the arts." *Warner Bros. Pictures Inc. v. Columbia Broadcasting System*, 216 F.2d 945, 950 (9th Cir. 1954), *cert. denied*, 348 U.S. 971, 75 S.Ct. 532, 99 L.Ed. 756 (1955).

Under the dual standard, when the copyright owner of an artist/author's prior work chooses to sue in the Ninth Circuit, it is granted a free roll of the dice to prevent that artist/author from continuing to create and to compete with new copyrighted works similar to his or her old works. The owner of the copyrights to the prior works can file infringement claims with the comforting knowledge that, as the law presently stands in the Ninth Circuit, (1) its case almost certainly will get to trial; (2) if it prevails, the general practice would be for the copyright owner to recover its attorney's fees, and (3) the defendant would have a heavy burden to meet to obtain an award of statutory attorney's fees against the copyright owner should the suit fail.[10] Armed with knowledge of this legal advantage, plaintiffs in Fantasy's position are free to exert economic leverage on the author in a manner

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[10] In contrast, plaintiffs who file suit in the Third, Fourth or Eleventh Circuits are required to investigate and consider more carefully the merits of their claims prior to bringing suit and imposing the costs of defense on a defendant, since the discretion of the court to award attorney's fees to prevailing defendants under Section 505 is not limited exclusively to cases where a plaintiff's bad faith or the lawsuit's frivolousness can be shown.

never contemplated by the Copyright Act. As an example, in this case, Fantasy refused to pay Fogerty over $1.4 million in royalties it admittedly owed him until resolution of this action, while causing Fogerty to incur over $1 million in attorney's fees and costs in defending the action. Although Fogerty had the wherewithal to withstand this economic coercion this time, many other authors whose interests are meant to be protected and preserved by the Copyright Act will not be able to do so and will succumb to the economic power of those stronger in the marketplace who sue for copyright infringement.

Because the conflicting interpretations of Section 505 lead to potential forum shopping and application of different standards and because the application of the dual standard is contrary to the purposes underlying the Copyright Act itself, this Court should grant certiorari to resolve this important issue.

X.

CONCLUSION

The dual approach for considering awards of attorney's fees to prevailing defendants and prevailing plaintiffs in copyright actions adopted by the Ninth Circuit is in conflict with decisions of the Third, Fourth and Eleventh Circuits. Moreover, the interpretation of 17 U.S.C. § 505 is an important question of federal law which has not been, but should be, settled by this Court.

Petitioner, therefore, respectfully requests that this Court grant certiorari to review the judgment of the Ninth Circuit, dated February 2, 1993.

Respectfully submitted,

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FOR PUBLICATION

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

FANTASY, INC., *Plaintiff-Counterdefendant-Appellee,* v. JOHN C. FOGERTY, *Defendant-Counterclaimant-Appellant.*	No. 88-15815 D.C. No. CV-85-4929-SC
FANTASY, INC., *Plaintiff-Appellee,* v. JOHN C. FOGERTY, *Defendant,* and WARNER BROS. RECORDS, INC.; WEA INTERNATIONAL, INC.; WARNER COMMUNICATIONS, INC.; WEA MANUFACTURING, INC.; and WEA CORPORATION, *Defendants-Appellants.*	No. 88-15816 D.C. No. CV-85-4929-SC

FANTASY, INC., *Plaintiff-Counterdefendant-Appellee,* v. JOHN C. FOGERTY, *Defendant-Counterclaimant-Appellant.*	No. 89-15118 D.C. No. CV-85-4929-SC
FANTASY, INC., *Plaintiff-Appellee,* v. JOHN C. FOGERTY, *Defendant,* and WARNER BROS. RECORDS, INC.; WEA INTERNATIONAL, INC.; WARNER COMMUNICATIONS, INC.; WEA MANUFACTURING, INC.; and WEA CORPORATION, *Defendants-Appellants.*	No. 89-15120 D.C. No. CV-85-4929-SC **OPINION**

Appeal from the United States District Court
for the Northern District of California
Samuel Conti, District Judge, Presiding

Argued and Submitted
November 2, 1992 – San Francisco, California

Filed February 2, 1993

Before: Robert Boochever, John T. Noonan, Jr., and Diarmuid F. O'Scannlain, Circuit Judges.

Opinion by Judge Boochever

SUMMARY

Civil Litigation and Procedure/Summary Judgment/Statutes of Limitation/Res Judicata/ Pleading/Attorneys and Judges/Attorneys' Fees

The court of appeals affirmed a judgment of the district court. The court held that the district court was correct in its conclusion on summary judgment motion that the available evidence indicated that one party's use of an escrow account pending resolution of the action did not amount to a material breach of the contracts between the parties.

In 1970, appellant John C. Fogerty wrote a song. He sold exclusive publishing rights to a predecessor of appellee Fantasy, in exchange for royalties. In 1985, Fogerty published another copyrighted song. Fantasy, holder of the copyright to the earlier song by assignment, sued for infringement, contending the latter song was merely the former with different words. Fogerty pleaded multiple counterclaims, including for rescission of the music publishing agreements and copyright infringement of the original song, based on Fantasy's ceasing royalty payments to him and placing all such proceeds in an escrow account pending resolution of the copyright action. In 1988, a jury verdict found that Fogerty did not infringe the Fantasy copyright with his later song. Fogerty appealed serveral of the district court's orders.

In 1986, the district court struck from the first counterclaim allegations of fraudulent inducement by Saul

Zaentz with respect to a tax shelter scheme between 1969 and 1974. In 1987, the district court granted Fantasy summary judgment on two counterclaims, holding that Fantasy had not materially breached its contracts with Fogerty by depositing royalty payments due him in escrow, beginning in 1985, pending resolution of the copyright action. After Fogerty prevailed at trial, the district court denied his motion for attorneys' fees.

[1] The district court reasonably construed Fogerty's answer as suggesting that the Zaentz allegations and the 1985 failure to pay royalties were independent and cumulative grounds for rescission. If the Zaentz allegations of acts taking place between 1969 and 1974 were intended as a separate claim for rescission, that claim was barred by the four-year limit on such actions, and the court properly struck them as immaterial.

[2] Any breach by Fantasy was nonmaterial under accepted legal principles applied to the available evidence. Fogerty failed to show that Fantasy did not keep accurate records, deposit the royalties in escrow, or promptly release all the funds to him after trial; or that any injury occasioned by delayed payment could not be compensated in damages; Fantasy would suffer substantial forfeiture if rescission were granted and ownership of the song awarded to Fogerty; Fantasy's actions and communications with respect to the escrow made clear that its failure was always likely to be cured; and Fogerty presents no evidence that Fantasy failed to adhere to good faith and fair dealing.

[3] The district court did not apply the wrong standard in its ruling regarding the award of attorneys' fees

to the prevailing party in a copyright infringement action. The court properly applied the disjunctive frivolousness *or* bad faith standard in denying Fogerty's motion for fees.

COUNSEL

Kenneth I. Sidle, Gipson Hoffman & Pancione, Los Angeles, California, for the defendants-appellants.

Malcolm Burnstein and Catherine Trimbur, Burnstein & Trimbur, San Francisco, California, for the plaintiff-appellee.

OPINION

BOOCHEVER, Circuit Judge:

BACKGROUND

In 1970 appellant John Fogerty, a popular musician and songwriter, wrote a song entitled "Run Through the Jungle" ("Jungle"). Fogerty sold the exclusive publishing rights to the song to Fantasy, Inc.'s predecessors-in-interest, Cireco Music and Galaxy Records, in exchange for a sales percentage and other royalties derived from the song's exploitation. Cireco and Galaxy obtained a copyright on "Jungle," which Fantasy subsequently obtained by assignment.

In 1985 Fogerty published a song entitled "The Old Man Down the Road" ("Old Man"), registered a copyright, and authorized Warner Brothers Records, Inc. to distribute "Old Man." Fantasy alleged that "Old Man"

was merely "Jungle" with new words and filed an action for copyright infringement against Fogerty, Warner, and related companies. Fogerty pleaded four counterclaims, seeking rescission of the music publishing agreements he had entered into with Cireco and Galaxy and restitution of the songs covered by those contracts and, assuming a favorable ruling on the rescission claim, alleging copyright infringement of those songs by Fantasy and seeking damages and an accounting. After a jury trial on Fantasy's copyright claim in late 1988, a jury returned a verdict for Fogerty, finding that Fogerty did not infringe "Jungle" with his song "Old Man."

Fogerty appeals several of the district court's orders that preceded and followed the jury trial. First, the court ruled in 1986 to strike from Fogerty's First Counterclaim allegations that Saul Zaentz, a general partner in Galaxy and later a minority shareholder and director of Fantasy, and Argosy Venture, Galaxy's sole shareholder, had fraudulently induced Fogerty to enter an unwise and illegal tax shelter scheme between 1969 and 1974 ("the Zaentz/Argosy allegations"). Second, the court ruled in 1987 that Fantasy was entitled to summary judgment on Fogerty's First and Second Counterclaims, holding that Fantasy's payment of Fogerty's songwriting royalties into an irrevocable escrow account pending resolution of the copyright action did not constitute a material breach warranting rescission of the music publishing agreements. *Fantasy, Inc. v. Fogerty*, 664 F.Supp. 1345, 1353-55 (N.D. Cal. 1987). Finally, after Fogerty had prevailed at trial, the court denied Fogerty's motion for attorneys' fees. This court has jurisdiction under 28 U.S.C. § 1291. We affirm in all respects.

DISCUSSION

I

In its 1986 order, the district court denied Fantasy's motion to dismiss Fogerty's First and Second Counterclaims, but ordered the striking of allegations concerning Zaentz and Argosy that the court found were barred by the statute of limitations and by res judicata. Fogerty challenges this order on the grounds that the Zaentz/Argosy allegations were only part of a claim that, as a whole, was not barred, and that the entire course of conduct between the parties was relevant to Fogerty's counterclaims because it went to the materiality of Fantasy's breach of the music publishing agreements. We review a district court's decision to strike matter pursuant to Fed. R. Civ. P. 12(f) for an abuse of discretion. *See Federal Sav. & Loan Ins. Corp. v. Gemini Management*, 921 F.2d 241, 243 (9th Cir. 1990) (striking of affirmative defenses under Rule 12(f)); *Northern Cheyenne Tribe v. Hodel*, 851 F.2d 1152, 1155 (9th Cir. 1988).

Rule 12(f) provides that a court "may order stricken from any pleading . . . any redundant, immaterial, impertinent, or scandalous matter." "[T]he function of a 12(f) motion to strike is to avoid the expenditure of time and money that must arise from litigating spurious issues by dispensing with those issues prior to trial. . . . " *Sidney-Vinstein v. A.H. Robins Co.*, 697 F.2d 880, 885 (9th Cir. 1983). " 'Immaterial' matter is that which has no essential or important relationship to the claim for relief or the defenses being pleaded." 5 Charles A. Wright & Arthur R. Miller, *Federal Practice and Procedure* § 1382, at 706-07 (1990). " 'Impertinent' matter consists of statements that

do not pertain, and are not necessary, to the issues in question." *Id.* at 711. Superfluous historical allegations are a proper subject of a motion to strike. *See, e.g., Healing v. Jones,* 174 F.Supp. 211, 220 (D. Ariz. 1959).

[1] Fogerty's First Counterclaim, as amended in his second answer, contained some seven pages of allegations concerning the tax shelter plan and his dealings with Zaentz and Argosy; only a few lines were devoted to Fogerty's allegation that Fantasy committed a material breach by escrowing Fogerty's royalties after the copyright infringement action arose. The district court reasonably construed paragraph 84 of Fogerty's second answer as suggesting that "the Zaentz/Argosy allegations and the 1985 failure to pay royalties constitute independent and cumulative grounds for rescission." Order re Plaintiff's Motion to Dismiss Amended Counterclaims and Defendant's Motion to Reconsider Imposition of Sanctions at 4. If these allegations, based on events occurring between 1969 and 1974, were indeed meant to serve as the basis of a separate claim for rescission, they were barred by the four-year statute of limitations for an action to rescind a written contract. *See* Cal. Civ. Proc. Code § 337 (West 1982). The only basis on which Fogerty properly could base his rescission counterclaim was Fantasy's escrowing of royalties beginning in January 1985.

Fogerty was also barred by res judicata from relitigating the tax plan claims against Zaentz or his successors-in-interest. Although Fogerty gained substantial recovery from his lawyers and accountants for his injuries from the tax shelter plan, the California Superior Court dismissed Fogerty's claims against Zaentz based on the statute of

limitations. Fogerty appealed that ruling, but later abandoned the appeal. Fogerty now denies that Zaentz was Fantasy's predecessor-in-interest, although his answer alleged otherwise.[1] Fogerty cannot reassert the allegations of fraud regarding the tax plan, either as the basis for a damages claim (as he did in state court) or as a ground for rescission (as he did in district court here). Because the statute of limitations and res judicata would prevent proof of the Zaentz/Argosy allegations from being introduced at trial, the material was properly stricken under Rule 12(f). *See* 5 Wright & Miller, *supra,* § 1382, at 711-12.

Fogerty argues on appeal that the district court misconstrued his pleading and that the Zaentz/Argosy allegations were not meant to constitute an independent ground for rescission, but rather to present "relevant background and foundational facts" establishing a pattern of abuse to support his claim of Fantasy's material breach of the music publishing agreements. Even were we to accept Fogerty's "pattern of abuse" argument, however, the district court did not abuse its discretion in striking the Zaentz/Argosy allegations. The district court expressly found that no pattern of abuse existed, and concluded that Fogerty had offered "no legal theories regarding the relevance of these so-called 'abusive acts'

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[1] Indeed, Fogerty's briefs suggest an attempt to have it both ways: when arguing that the conduct of predecessors-in-interest is relevant to a determination of materiality, Fogerty categorizes Zaentz as Fantasy's predecessor-in-interest, but when arguing that his claims are not barred by the statute of limitations or res judicata, Fogerty argues that Zaentz is *not* a predecessor of Fantasy.

to the claims for rescission and restitution . . . [nor] any coherent legal argument that the string of alleged 'abuses' he lists constitutes fraud which would justify the rescission of songwriting contracts made in 1969." Order re Motions to Reconsider and Motions for Attorneys' Fees and Costs at 4. Although the course of conduct between the parties to a contract may be relevant to the materiality of a breach, Fogerty offers no authority for the proposition that the conduct of a *predecessor-in-interest* is relevant to materiality; in fact, he now denies that Zaentz *was* a predecessor-in-interest to Fantasy. Fogerty had ample opportunity to present his legal arguments to the district court, and he failed to do so. The court did not abuse its discretion in concluding that whether Zaentz fraudulently induced Fogerty's consent to the tax plan agreements simply was not relevant to the materiality of any breach Fantasy might have committed by escrowing royalties in 1985.

Moreover, in granting Fantasy's motion to strike, the district court correctly noted that the Zaentz/Argosy allegations created serious risks of prejudice to Fantasy, delay, and confusion of the issues. The allegations did not involve the parties to the copyright infringement action, but rather consisted of stale and barred charges that had already been extensively litigated and would have been burdensome for Fantasy to answer. There was a strong likelihood that evidence of the disputes between Fogerty and Zaentz/Argosy would lead to unwarranted and prejudicial inferences against Fantasy. *See Loughrey v. Landon*, 381 F. Supp. 884, 888 (E.D. Pa. 1974). Finally, the stricken allegations would have unnecessarily complicated the trial of the copyright claim by requiring the introduction

of extensive evidence of the tax plan agreements and a mass of related documents, potentially adding weeks to the trial. The district court could properly grant the motion to strike for the purpose of streamlining the ultimate resolution of the action and focusing the jury's attention on the real issues in the case. *See California ex rel. State Lands Comm'n v. United States*, 512 F. Supp. 36, 38 (N.D. Cal. 1981).

Finally, there is no merit to Fogerty's claim that the court erroneously considered "a volume of material" outside the pleadings in ruling on Fantasy's motion to strike. Of the four documents that Fogerty challenges, two are Fogerty's and Fantasy's requests for judicial notice, which could properly be considered by the court in ruling on the motion to strike. *See Sears, Roebuck & Co. v. Metropolitan Engravers*, 245 F.2d 67, 70 (9th Cir. 1956); William W. Schwarzer et al., *Cal. Prac. Guide: Fed. Civ. Pro. Before Trial* 9:403 (TRG 1992) (grounds for motion to strike must appear on face of pleading or from matters which court may judicially notice). The other two documents designated by Fogerty are (1) a declaration of one of Fogerty's attorneys that Fogerty submitted in support of his request for judicial notice, which had no relevance to the motion to strike and was not mentioned in the court's order, and (2) an affidavit of one of Fantasy's attorneys regarding attorneys' fees, which the district court considered only with respect to Fantasy's motion for sanctions under Fed. R. Civ. P. 11.[2] Nor did the court err in ruling on the

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[2] Fogerty filed his first answer, including counterclaims, on November 11, 1985. Fantasy filed a motion to dismiss the counterclaims. Fogerty filed a second answer, including amended

preclusion issue at the preliminary stage of the motion to strike, as the grounds for the district court's ruling that the Zaentz/Argosy allegations were barred by res judicata appeared on the face of the pleadings and from matters of which the court took judicial notice.

II

In its 1987 order, the district court granted Fantasy's motions for summary judgment on Fogerty's counterclaims for rescission of the music publishing agreements and copyright infringement. The court held that Fantasy's deposit of Fogerty's royalties in an irrevocable escrow account pending the outcome of the copyright action did not amount to a material breach of the music publishing agreements. Because the court did not grant rescission, Fogerty could not maintain his counterclaim for infringement of the "Jungle" copyright. After trial, the court denied Fogerty's motion for reconsideration. Fogerty challenges the granting of summary judgment on his counterclaims on the grounds that the existence of numerous disputed issues of material fact rendered summary judgment improper and that the facts, when viewed in the light most favorable to Fogerty, did not entitle Fantasy to judgment as a matter of law. We review a grant of summary judgment de novo. *Jones v. Union Pacific R.R.*, 968 F.2d 937, 940 (9th Cir. 1992).

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counterclaims, on February 19, 1986, thereby rendering fantasy's motion to dismiss moot. On February 21, 1986, the district court held that Fogerty and his attorneys had violated Rule 11 in filing the first set of counterclaims and imposed sanctions in the amount of $5,000.

The district court based its ruling in part on *Arthur Guinness & Sons v. Sterling Pub. Co.*, 732 F.2d 1095, 1101 (2nd Cir. 1984), which the court interpreted as holding that "[a]s a matter of law, a 'bona fide dispute' regarding royalty payments does not amount to a material breach unless the contracts expressly provides so." *Fantasy, Inc.*, 664 F. Supp. at 1354. Thus, once the court concluded that the dispute between Fantasy and Fogerty was bona fide and found no express statement in the music publishing agreements that deposit of royalties in an irrevocable escrow account would be considered a material breach, it concluded that no material breach occurred. *Guinness* only stated, however, that a bona fide dispute concerning royalty payments does not *automatically* constitute a material breach unless the contract so provides, not that such a dispute could *never* constitute a material breach under any circumstances.[3] We agree with the Second Circuit's statement in *Guinness*. Although the district court may have construed *Guinness* overbroadly in reaching its conclusion that no material breach occurred, we may affirm the district court's decision on any basis supported by the record, even if the court relied on the wrong grounds or wrong reasoning. *United States v. Washington*, 969 F.2d 752, 755 (9th Cir. 1992); *Marino v. Vasquez*, 812 F.2d 499, 508 (9th Cir. 1987).

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[3] The actual language in *Guinness* states that "a bona fide dispute concerning royalty payments does not, as a matter of law, establish a material breach justifying rescission of the contract absent an express provision in the agreement. . . . Whether [defendant's] action in withholding disputed legal fees is such a breach is therefore sufficiently arguable to debar [plaintiff] from obtaining an injunction." *Guinness & Sons*, 732 F.2d at 1101.

Although Fantasy's copyright infringement action arose under federal law, Fogerty's rescission counterclaim was governed exclusively by state contract law. *See Reliance Finance Corp. v. Miller,* 557 F.2d 674, 679 (9th Cir. 1977). California law provides that a party may unilaterally rescind a contract if there is a material breach by the other party. Cal. Civ. Code § 1689(b)(2) (West 1985). The materiality of a partial breach of contract is determined by the importance or seriousness of the breach and the likelihood that the injured party will receive substantial performance. 1 B.E. Witkin, *Summary of California Law* § 795, at 718 (9th ed. 1987). A material breach is one that "is so dominant or pervasive as in any real or substantial measure to frustrate the purpose of the undertaking." *Medico-Dental Bldg. Co. v. Horton & Converse,* 132 P.2d 457, 470 (Cal. 1942). If a breach does not go " 'to the root of the matter' " and " 'can be readily compensated in damages,' " a party may not rescind. *Integrated, Inc. v. Alec Fergusson Elec. Contractor,* 58 Cal. Rptr. 503, 509 (Cal. Ct. App. 1967) (quoting *Fountain v. Semi-Tropic Land & Water Co.,* 34 P. 497, 498 (Cal. 1893)). The Restatement (Second) of Contracts lists five circumstances as "significant" in determining whether a breach is material:

> (a) the extent to which the injured party will be deprived of the benefit which he reasonably expected;
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> (b) the extent to which the injured party can be adequately compensated for the part of that benefit of which he will be deprived;
>
> (c) the extent to which the party failing to perform or to offer to perform will suffer forfeiture;

> (d) the likelihood that the party failing to perform or to offer to perform will cure his failure, taking account of all the circumstances including any reasonable assurances;
>
> (e) the extent to which the behavior of the party failing to perform or to offer to perform comports with standards of good faith and fair dealing.

Restatement (Second) of Contracts § 241 (1981).

Fogerty argues that whether Fantasy's deposit of Fogerty's royalties in an irrevocable escrow account pending the outcome of the copyright action amounted to a material breach of the music publishing agreements was a disputed issue of fact. Although the question of whether a breach is material depends on the facts and circumstances of each particular case, *see Federal Deposit Ins. Corp. v. Air Florida Sys., Inc.,* 822 F.2d 833, 840 (9th Cir. 1987), *cert. denied,* 485 U.S. 987 (1988), and thus is "normally" a question for the jury, 6 Samuel Williston, *A Treatise on the Law of Contracts* § 841, at 159 (3d ed. 1962), it need not be left to the trier of fact where, as here, the underlying facts are undisputed and only the legal conclusion to be drawn from those facts remains in doubt. *See B.F. Goodrich Co. v. Vinyltech Corp.,* 711 F. Supp. 1513, 1520 (D. Ariz. 1989) (granting summary judgment for plaintiff on breach of contract claim despite defendant's assertion of material breach); *Boeing Airplane Co. v. Aeronautical Indus. Dist. Lodge No. 751,* 91 F. Supp. 596, 609 (W.D. Wash. 1950) (granting summary judgment based on material breach), *aff'd,* 188 F.2d 356 (9th Cir.), *cert. denied,* 342 U.S. 821 (1951); *cf. Far West Fed. Bank v. Director, Office of Thrift Supervision,* 787 F. Supp. 952, 960 (D. Or. 1992)

(granting rescission on summary judgment based on frustration of purpose and impossibility of performance).

When Fantasy began to deposit all royalties due Fogerty into an interest-bearing escrow account upon commencement of the copyright action, Fantasy instructed the escrow agent to hold the funds until receipt of either a court order or joint instructions from Fantasy and Fogerty. Simultaneously with the establishment of the escrow account, Fantasy informed Fogerty that all royalties would be placed in the account as security for any judgment Fantasy might receive in the copyright action and that royalty payments would be resumed if Fogerty provided an alternate form of security. Fantasy continued to provide Fogerty with royalty statements for each six-month period, and offered to cooperate with Fogerty in selecting a new escrow holder if the existing agent was unsatisfactory. Despite Fantasy's invitations, Fogerty never requested a different escrow holder, sought to negotiate an alternative security, or even inquired how much was deposited or where the account was located.

[2] Our application of the five *Restatement* factors leads us to the conclusion that any breach by Fantasy was nonmaterial as a matter of law. First, although Fogerty was deprived of a significant amount of royalties for the duration of the litigation, he presents no evidence that Fantasy failed to keep accurate records and deposit his royalties in escrow, nor does he dispute that promptly after trial he received the full amount of royalties plus interest, totalling some $1.4 million. Second, Fogerty made no showing that any injury he might have suffered by the delay in receiving royalty payments could not be adequately compensated in damages. Third, Fantasy

would suffer a substantial forfeiture if rescission were granted and ownership of the songs were awarded to Fogerty. Fourth, Fantasy's failure was always likely to be cured in view of Fantasy's communications with Fogerty affirming its obligation to pay royalties under the music publishing agreements, and was in fact cured immediately following the jury verdict.

With regard to the fifth factor under the *Restatement* (whether the breaching party adhered to standards of good faith and fair dealing), Fogerty contends that Fantasy's motives and state of mind in bringing the copyright action and in withholding Fogerty's royalties were questions of fact that should not have been decided on summary judgment. While it is true that questions of motive and intent are not generally susceptible to disposition on summary judgment, *see Grason Elec. Co. v. Sacramento Mun. Util. Dist.*, 571 F. Supp. 1504, 1507 (E.D. Cal. 1983), this does not mean that such questions must be left to the trier of fact even when the nonmoving party presents no evidence to support his claim. *See Vaughn v. Teledyne, Inc.*, 628 F.2d 1214, 1220 (9th Cir. 1980). Fogerty maintains that Fantasy brought the copyright action without any good faith belief in the allegation of infringement and withheld royalties from him in bad faith to coerce him into a settlement and to punish him for songs allegedly defamatory to Zaentz. That Fogerty simply asserts that Fantasy acted in bad faith, however, does not create a disputed issue of material fact precluding summary judgment.

Fogerty contends that even if Fantasy's copyright infringement claim was a bona fide dispute entitling Fantasy to escrow royalties from "Jungle," this did not entitle

Fantasy to withhold royalties from all of Fogerty's songs, and that whether such withholding was excessive and in itself a material breach was a disputed question of fact. Although Fogerty cites no law in support of this argument, we might be led to agree with him had Fantasy not offered Fogerty the chance to avoid the withholding of royalties by furnishing an alternate form of security. Under these circumstances, we conclude that summary judgment was not barred by any disputed question of excessive withholding of royalties.

"One of the principal purposes of the summary judgment rule is to isolate and dispose of factually unsupported claims. . . . " *Celotex Corp. v. Catrett*, 477 U.S. 317, 323-24 (1986). Once a summary judgment motion is made and properly supported, the adverse party may not rest on the mere allegations of his pleadings, but must set forth specific facts showing that there is a genuine issue for trial. Fed. R. Civ. Pro. 56(e). Fogerty has not met this burden. As the district court found, "Fogerty supplies no factual basis beyond mere assertions that [Fantasy] has acted fraudulently or delinquently." *Fantasy, Inc.*, 664 F. Supp. at 1354. Such unsubstantiated allegations are clearly insufficient to defeat a motion for summary judgment. The available *evidence*, when viewed in the light most favorable to Fogerty, leads to the conclusion that Fantasy's depositing of Fogerty's royalties in an irrevocable interest-bearing escrow account under the circumstances here involved did not constitute a material breach justifying rescission of the music publishing agreements.

III

In 1989, after Fogerty prevailed at the jury trial on Fantasy's copyright claim, the district court denied Fogerty's motion for attorneys' fees under 17 U.S.C. § 505. The court found that Fantasy's infringement suit was not brought frivolously or in bad faith, and thus circuit precedent precluded an award of attorneys' fees to Fogerty. *See Olson v. National Broadcasting Co.*, 855 F.2d 1446, 1454 (9th Cir. 1988); *McCulloch v. Albert E. Price, Inc.*, 823 F.2d 316, 322 (9th Cir. 1987); *Cooling Systems & Flexibles, Inc. v. Stuart Radiator, Inc.*, 777 F.2d 485, 493 (9th Cir. 1985). Fogerty challenges this order on the ground that the court did not apply the correct standard. Alternatively, he urges this court to abandon its existing standard in favor, of the "evenhanded" approach of the Third and Eleventh Circuits, which rejects bad faith or frivolity as a prerequisite for an award of attorneys' fees to a prevailing party. We review a district court's denial of an award of attorneys' fees pursuant to the Copyright Act for an abuse of discretion, *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 886 F.2d 1545, 1556 (9th Cir. 1989), *cert. denied*, 494 U.S. 1017 (1990), and a district court's findings of fact for clear error, Fed. R. Civ. P. 52(a); *Kruso v. Int'l Tel. & Tel. Corp.*, 872 F.2d 1416, 1421 (9th Cir. 1989), *cert. denied*, 496 U.S. 937 (1990).

This circuit has adopted the rule that in litigation brought under the Copyright Act a prevailing defendant may not be awarded attorneys' fees under § 505 unless it can be demonstrated that the action was frivolous or was instituted and prosecuted in bad faith. The purpose of that rule is to avoid chilling a copyright holder's incentive to sue on colorable claims, and thereby to give full

effect to the broad protection for copyrights intended by the Copyright Act. *See McCulloch*, 823 F.2d at 322-23. Fogerty presented numerous arguments below to support his contention that Fantasy's copyright action was frivolous and/or in bad faith. The district court rejected these arguments.

[3] Fogerty argues that the district court abused its discretion by treating "bad faith" and "frivolity" as the same standard, instead of applying the disjunctive test of "bad faith *or* frivolity." While Fogerty does not appear to contend that Fantasy's copyright suit was frivolous, he argues that an action that is not frivolous may still be brought in bad faith, and that the district court erroneously ignored the actual bad faith motivation for filing this action because Fantasy's attorneys were able to design a cause of action that could ultimately be submitted to the jury. A fair reading of the district court's opinion, however, compels the conclusion that the court recognized and applied the correct standard of bad faith *or* frivolity:

> The Court finds that Fantasy's infringement suit was not brought frivolously *nor* in bad faith. . . . Fantasy's suit was not frivolous merely because it presented a case of first impression. Nor does Fantasy's "knowledge of Fogerty's creativity" mean that this suit was brought in bad faith, where a finding of subconscious copying would have supported Fantasy's infringement claim. And although the Court did not allow Fantasy to maintain a "breach of warranty" claim, Fantasy's attempt to argue such a theory is no more in bad faith than was Fogerty's pretrial assertion that the "fair use"

> defense of the Copyright Act was applicable to him.
>
> Because the Court finds that Fantasy's suit alleging that "Old Man" infringed upon "Jungle" was not filed frivolously *nor* in bad faith, the Court finds that whatever animosity exists between Fogerty and Zaentz does not warrant an award of attorneys' fees.

Order re Motions to Reconsider and Motions for Attorneys' Fees and Costs at 10-11 (emphasis added). Although some of the court's language in support of the conclusion that the suit was not brought in bad faith may more properly apply to the frivolity contention, the overall statement clearly indicates an application of the proper disjunctive standard.

In his brief before this court, and again at oral argument, Fogerty presents as "evidence of Fantasy's vindictive use of litigation" an out-of-context sentence from the closing argument of Fantasy's counsel at trial. Fogerty notes that Fantasy's counsel, after reciting the lyrics of "Zanz Kant Danz" (which was the basis for a defamation suit against Fogerty by Zaentz), argued to the jury: "Ladies and Gentlemen, if your name was Zaentz and you had been part of John Fogerty's background, . . . wouldn't you sue?" What Fogerty fails to mention, however, is that Fantasy's counsel was explaining why Zaentz had believed that the song referred to him and had filed his defamation suit, not why Fantasy had filed its copyright infringement action. Although Fogerty alleges the "fact" that "Zaentz has a deep personal dislike for Fogerty and caused Fantasy to bring this frivolous copyright infringement suit as another attempt to get

back at Fogerty," he presented no evidence to the district court that would require a finding that Fantasy's action was brought in bad faith. The district court did not clearly err in finding that the copyright action was not brought in bad faith, nor did it abuse its discretion in following Ninth Circuit precedent and denying Fogerty's motion for attorneys' fees.

With regard to Fogerty's argument that the existing Ninth Circuit standard should be abandoned in favor of the approach of the Third and Eleventh Circuits, this panel is bound by the existing circuit rule, which conforms with the approach of the Second and Seventh Circuits. *See Video Views, Inc. v. Studio 21, Ltd.*, 925 F.2d 1010, 1022 (7th Cir.), *cert. denied*, 112 S. Ct. 181 (1991); *Roth v. Pritikin*, 787 F.2d 54, 57 (2nd Cir. 1986). We decline to create an exception or to call for an *en banc* hearing to revisit that rule at this time.

CONCLUSION

We therefore hold that the district court did not err in striking the stale and irrelevant Zaentz/Argosy allegations from Fogerty's counterclaims, in ruling against Fogerty on summary judgment, or in denying Fogerty attorneys' fees.

AFFIRMED.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

FANTASY, INC., Plaintiff, v. JOHN C. FOGERTY, WENAHA MUSIC CO., WARNER BROS. RECORDS, INC., WEA INTERNATIONAL, INC., WARNER COMMUNICATIONS, INC., WEA MANUFACTURING, INC., WEA CORPORATION, Defendants. AND COUNTERCLAIMS	No. C 85 4929 SC ORDER RE MOTIONS TO RECONSIDER AND MOTIONS FOR ATTORNEYS' FEES AND COSTS

(Filed JAN. 6, 1989)

BACKGROUND

Plaintiff Fantasy, Inc. ("Fantasy") filed a copyright infringement action in July of 1985, alleging that defendant John Fogerty's ("Fogerty") song "The Old Man Down the Road" ("Old Man") infringed on the copyrighted song "Run Through the Jungle" ("Jungle"). Fantasy claimed that although Fogerty wrote Jungle, Fantasy owned the copyright to that song, and that Fogerty's new song "Old Man" infringed on that copyright. Fogerty filed his first answer, which included counterclaims, on November 11, 1985. Fantasy moved to dismiss these counterclaims, and on February 19, 1986, Fogerty filed a new answer, which included amended counterclaims.

These counterclaims (1) sought rescission of the songwriting contracts and restitution of the songs; (2) alleged copyright infringement by Fantasy of those songs, dependent on a favorable ruling on the rescission claim; and in the alternative (3) sought damages for breach of contract; and (4) an accounting for Fantasy's failure to pay royalties to Fogerty since 1985.

A jury trial on the copyright issue took place from October 24, 1988 through November 4, 1988. The jury returned a verdict for Fogerty and against Fantasy, finding that Fogerty did not infringe "Jungle" with his song "Old Man."

Numerous orders and rulings preceded the jury trial. The most important of these, for the present purposes, established the following: (1) that Fantasy owned a valid copyright to "Jungle," *Fantasy, Inc. v. Fogerty,* 664 F. Supp. 1345, 1350 (N.D. Cal. June 5, 1987); Order Denying Warner's Motion for Reconsideration, July 2, 1987; (2) that Fogerty, although he wrote the allegedly infringed song "Jungle" and was a beneficial owner of that song, could still be found liable for copyright infringement of that song, *Fantasy Inc. v. Fogerty,* 654 F. Supp. 1129, 1132 (N.D. Cal. Feb. 24, 1987); (3) that portions of Fogerty's First Counterclaim should be stricken, alleging that Saul Zaentz and Argosy Venture wrongfully induced Fogerty to enter unwise and unlawful tax schemes from 1969 to 1974, Order Re Plaintiff's Motion to Dismiss Amended Counterclaims and Defendant's Motion to Reconsider Imposition of Sanctions, May 2, 1986, at 3-5; (4) that Fantasy was entitled to summary judgment on Fogerty's First and Second Counterclaims for rescission, restitution,

and copyright infringement, the Court holding that Fantasy's payment of royalties into an escrow account rather than to Fogerty directly did not constitute a material breach warranting rescission of the songwriting contracts, *Fantasy v. Fogerty,* 664 F. Supp. 1345, 1353 (N.D. Cal. June 5, 1987).

Fogerty's current motions seek reconsideration of the court's May 2, 1986 Order striking the Zaentz/Argosy Allegations, and reconsideration of the Court's June 5, 1987 Order dismissing Fogerty's First and Second counterclaim for rescission, restitution, and copyright infringement by Fantasy. Fogerty also seeks attorneys fees and costs.

MOTIONS TO RECONSIDER

1. May 2, 1986 Order Striking Zaentz/Argosy Allegations

Fogerty moves to reinstate those portions of his First Counterclaim which alleged "abuses" of Fogerty by Zaentz and Argosy. Fogerty claims in his motion for reconsideration that the 1969 tax scheme was only the beginning of "abusive acts of Zaentz," and that "abusive acts" continue through the present. Fogerty Motion for Reconsideration, at 6-8. However, Fogerty offers no legal theories regarding the relevance of these so-called "abusive acts" to the claims for rescission and restitution alleged in his First counterclaim. The only legal authority Fogerty supplies is a case which relies on New York law in stating that "a showing of fraud would certainly be grounds for rescission." Fogerty Motion for Reconsideration, at 13, citing *Nolan v. Sam Fox Publishing Co.,* 499 F.2d

1394, 1397 (2d Cir. 1974). Fogerty cites no California law for this proposition, nor does Fogerty offer any coherent legal argument that the string of alleged "abuses" he lists constitutes fraud which would justify the rescission of songwriting contracts made in 1969. To withstand a summary judgment motion, the non-moving party must come forward with more persuasive evidence than would otherwise be necessary if the factual context makes his claim implausible. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986). No longer can it be argued that any disagreement about a material issue of fact precludes the use of summary judgment. *California Architectural Building Products, Inc. v. Franciscan Ceramics, Inc.*, 818 F.2d 1466, 1468 (9th Cir. 1987).

Moreover, Fogerty has continuously stated that his counterclaims are primarily based on Fantasy's failure to make royalty payments. *See* Fogerty Memo. in Opposition to Fantasy's Motion to Dismiss Counterclaims, April 18, 1986, at 7:26 ("In 1985 Fantasy ceased paying royalties to Fogerty. As pointed out before by Fogerty this total breach of the Dunes/Galaxy Contract is the gravamen of the First Claim of the Counterclaims"); *Id.*, at 14:17 ("The principal claim asserted in the Counterclaims is the termination of royalty payments in 1985 . . . "); *See also* Fogerty Memo. in Support of Motion to Reconsider, November 22, 1988, at 11:2; *Id.*, at 12:24; Fogerty Reply Memo. in Support of Motion to Reconsider, December 30, 1988, at 7:7. The Court's May 2, 1986 Order striking the Zaentz/Argosy Allegations left intact Fogerty's counterclaims for rescission, restitution, and copyright infringement based on "the gravamen" of these counterclaims: the allegations concerning royalties withholdings.

Because Fogerty has not now, nor ever, provided this court with a cognizant legal theory tying Zaentz's so-called "acts of abuse" to Fogerty's counterclaims for rescission, restitution, and copyright infringement, and because Fogerty has made no legal arguments today that the Court has not already considered and rejected regarding the Zaentz/Argosy Allegations, Fogerty's motion to reconsider the Court's May 2, 1986 Order is HEREBY DENIED.

2. June 5, 1987 Order Granting Fantasy's Motion for Summary Judgment on Fogerty's First and Second Counterclaims

Fogerty also moves this Court to reconsider its June 5, 1987 Order granting Fantasy summary judgment on Fogerty's First and Second Counterclaims for rescission, restitution, and copyright infringement. In effect, Fogerty wishes the Court to find that Fogerty is the legal owner of the copyright to the "Jungle" song, among others, and to allow Fogerty to maintain a suit against Fantasy for infringing on Fogerty's copyright to that song. Besides the fact that Fogerty makes no new legal arguments to alter the court's previous ruling that the payment of royalties into an escrow account does not constitute a material breach of Fogerty's contract, the court finds that this motion to reconsider is ill-timed. An entire two week jury trial was held on the issue of whether Fogerty infringed "Jungle" with "Old Man." The trial was premised on the Court's previous rulings that Fantasy was the rightful owner to the "Jungle" copyright. Fogerty had more than a year before the trial began to bring this motion to reconsider, which, if granted, would have

negated the need for a trial and would have saved substantial judicial resources. For the reasons that follow, the Court finds no merit in Fogerty's motion to reconsider its June 1987 Order.

In the June 1987 Order the Court dismissed Fogerty's counterclaim for rescission of the songwriting contracts, and therefore his counterclaims for restitution and copyright infringement, holding that Fantasy's payment of royalties into an escrow account did not constitute a material breach warranting rescission of the contract. The Court found that a bona fide dispute existed regarding whether royalty payments should be paid Fogerty, and that payment of the funds into an escrow account beginning in 1985 did not constitute a material breach, where Fantasy had performed its royalty obligations in the past, and had allowed Fogerty the option of providing alternate security for the infringement claim. *Fantasy, Inc. v. Fogerty*, 664 F. Supp. at 1355. Moreover, the Court held that Fogerty could be compensated in damages for Fantasy's failure to pay royalties, and that therefore the extraordinary remedy of rescission was not necessary. *Id.*

Fogerty argues in his motion to reconsider that the Court was incorrect in finding that Fantasy's payment of the royalties into an escrow account was not a material breach. Fogerty Memo. in Support of Motion for Reconsideration, Nov. 22, 1988, at 13-15; Fogerty Reply Memo. in Support of Motion for Reconsideration, Dec. 30, 1988, at 6-7. Fogerty contends that because the jury found in his favor, there was never a "bona fide dispute" regarding whether Fogerty had infringed on Fantasy's copyright, and that therefore the payment of royalties into an escrow account constituted a material breach. *Id.* at 5.

The Court does not follow this logic. Because the issue was necessary to submit to a jury, rather than being clear as a matter of law, the dispute concerning infringement was "bona fide." The Court's previous ruling that the dispute was bona fide was not in any way dependant on a judgment in favor of Fantasy. The Court finds that Fantasy's motion to reconsider the June 1987 Order is "nothing more than dissatisfaction with a ruling of the court. As such, it would be appropriate for appellate relief" rather than relief in the form of a motion to reconsider. *McCarthy v. Mayo*, 827 F.2d 1310, 1318 (9th Cir. 1987).

Fogerty has now received the royalty funds that were placed into escrow by Fantasy. Burnstein Declaration, ¶¶ 4-7. Therefore, the "gravamen of the Counterclaims" has been satisfied. Fogerty complains that he has "requested an accounting of the escrow account but none has been provided." Fogerty Reply Memo, at 7:17. However, the parties have agreed to the proper disposition of such complaints in their amended joint pretrial statement. See Amended Joint Pretrial Statement, September 15, 1988 at pp. 35-40. Paragraph 4 clearly provides that Fogerty has the right to conduct an audit of Fantasy's books and records to verify royalty reports, and that any objections by Fogerty must be "negotiated in good faith," and that Fogerty shall then "have the right to bring an action on any such objections not settled . . . " Fogerty must proceed along this agreed-upon avenue if he wishes to obtain an accounting of the royalties owed him.

For the foregoing reasons, Fogerty's motion to reconsider the Court's June 5, 1987 Order is HEREBY DENIED.

MOTION FOR ATTORNEYS' FEES AND COSTS

1. Attorneys' Fees

Fogerty moves this Court for an award of attorneys' fees, pursuant to 17 U.S.C. §505. An award of attorneys' fees under the Copyright Act is discretionary with the district court. *McCulloch v. Albert E. Price, Inc.*, 823 F.2d 316, 322 (9th Cir. 1987). Where a prevailing defendant is the moving party, a finding of bad faith or frivolity on the plaintiff's part is a predicate to an award of attorneys' fees. *Id; Cooling Systems & Flexibles, Inc. v. Stuart Radiator, Inc.*, 777 F.2d 485, 493 (9th Cir. 1985).

Fogerty claims that Fantasy's copyright infringement suit was frivolous and filed in bad faith. Fogerty supports this claim by stating (a) that Fantasy "had intimate knowledge of Fogerty's creativity . . . and extraordinary abilities as a songwriter," and that it was unprecedented to have a jury trial on the issue of whether an artist could infringe on his own work, Fogerty Memo. in Support of Attorneys' Fees and Costs, at 5-7; (b) that Fantasy "never had any belief that Fogerty had copied himself," citing the fact that the Zaentz, Bendich, and Kaffel declarations do not state personal opinions regarding whether "Jungle" was copied, and also the fact that a former member of the Creedence Clearwater Revival Band ("Creedence") has now submitted a declaration to the effect that he did not instigate the idea that Fantasy sue Fogerty for copyright infringement, Fogerty Reply Brief, at 5-7; (c) that Zaentz has a personal animosity towards Fogerty, *Id.* at 8; (d) that Fantasy "reversed its prior position" that Fogerty had independently created earlier Creedence songs, Fogerty Memo. at 10; (e) that Fantasy's "breach of warranty"

pretrial arguments constituted "absurd bolstering" of its infringement claim, *Id.* at 8; (f) that Fantasy's settlement offer was "absurd and frivolous," *Id.* at 13; (g) that it is necessary to deter Fantasy from bringing further suits, *Id.* at 13-14.

Fantasy denies these assertions, claiming that its suit was brought upon a good faith belief that "Old Man" infringed "Jungle," and was brought after hearing that several people in the music business believed that the two songs were remarkably similar. Fantasy also states that its position is not inconsistent with its earlier one, in that Fantasy believes that "Jungle" and "Old Man" are more alike than any previous Fogerty songs, and also that it would not have made sense for Fantasy to sue Fogerty for Creedence Clearwater Revival songs that sounded like other Creedence songs, in that Fantasy owns the copyright for all of these songs. Fantasy Opposition Memo., at 14-16.

The Court finds that Fantasy's infringement suit was not brought frivolously nor in bad faith. Although the facts of this case did not present the textbook scenario of copyright infringement, the Court has held that Fogerty could indeed be held liable for copyright infringement even where he also wrote the song allegedly infringed. *Fantasy Inc. v. Fogerty*, 654 F.Supp. 1129, 1132 (N.D. Cal. 1987). Fantasy's suit was not frivolous merely because it presented a case of first impression. Nor does Fantasy's "knowledge of Fogerty's creativity" mean that this suit was brought in bad faith, where a finding of subconscious copying would have supported Fantasy's infringement claim. And although the Court did not allow Fantasy to maintain a "breach of warranty" claim,

Fantasy's attempt to argue such a theory is no more in bad faith than was Fogerty's pretrial assertion that the "fair use" defense of the Copyright Act was applicable to him.

Because the Court finds that Fantasy's suit alleging that "Old Man" infringed upon "Jungle" was not filed frivolously nor in bad faith, the Court finds that whatever animosity exists between Fogerty and Zaentz does not warrant an award of attorneys' fees. Fogerty's motion for attorneys' fees is HEREBY DENIED.

2. Costs

The Court HEREBY ORDERS that Fogerty be awarded costs, in accordance with Appendix A to the Local Rules of the Northern District of California, and 28 U.S.C. §1821.

These costs shall be assessed by the Clerk of Court, and this assessment shall reflect this Order that costs not be awarded for witness John Fogerty, who was a party in interest in this lawsuit, nor shall costs for any witness exceed $95.00 per day, plus $30.00 per day witness fee, plus reasonable economy class air fare. The Court awards costs for Bob Fogerty, in accordance with these guidelines. Defendant shall document all air fare costs.

CONCLUSION

In accordance with the foregoing, IT IS HEREBY ORDERED that:

(1) Defendant/ Counterclaimant's motion to reconsider the Court's May 2, 1986 Order is DENIED;

(2) Defendant/ Couterclaimant's motion to reconsider the Court's June 5, 1987 Order is DENIED;

(3) Defendant/ Counterclaimant's motion for attorneys' fees is DENIED; and

(4) Defendant/ Counterclaimant's motion for costs is GRANTED and shall be assessed by the Clerk of Court in accordance with this Order.

SO ORDERED.

Dated: January 6, 1989

/s/ Samuel Conti
United States District Judge

(2)

No. 92-1750

Supreme Court, U.S.
FILED
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In The

Supreme Court of the United States

October Term, 1992

JOHN C. FOGERTY,

Petitioner,

vs.

FANTASY, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether it is inconsistent with the Copyright Act, 17 U.S.C. § 505, to require a prevailing defendant in an action for copyright infringement to demonstrate some fault or misconduct by the plaintiff, such as bad faith or frivolity, as a predicate to an award of attorneys fees.

PARTIES

Fantasy, Inc., has no parent or subsidiary and has no shares issued to the public.

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No. 92-1750

In The

Supreme Court of the United States

October Term, 1992

JOHN C. FOGERTY,

Petitioner,

vs.

FANTASY, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

STATEMENT OF THE CASE

Fantasy, Inc. ("Fantasy") filed an action for copyright infringement against Fogerty and Warner Bros. Records, Inc. ("Warner") in 1985, alleging that a song written by Fogerty in 1970 and sold to Fantasy's predecessors-in-interest ("Run Through the Jungle") was infringed by a 1984 song written by Fogerty and distributed by Warner ("Old Man"). (*See* Fogerty Petition App. A 5-6.) Fogerty counterclaimed for return of the copyrights to numerous

songs which he had transferred to Fantasy's predecessors-in-interest, and for copyright infringement based on Fantasy's use of those songs. (*Id.* at 5, n.4.)

Fogerty and Fantasy were both prevailing copyright defendants. Fantasy won a summary judgment on Fogerty's counterclaims. (Fogerty Petition at 5-6, n.4 and App. A 6.) Fogerty prevailed on Fantasy's claim after a jury trial.

Before the jury trial, the parties filed numerous motions, including, *inter alia*, Fantasy's successful Rule 12(f) motion and motion for summary judgment on Fogerty's counterclaims, and unsuccessful Warner and Fogerty motions for summary judgment. (*E.g.*, Fogerty Petition App. A 23-29; CT 120, 130; CT 141, 228.) After trial, Fogerty and Warner unsuccessfully moved for an award of their entire attorneys' fees and costs, amounting to more than $1,000,000. Fogerty claimed that the suit was motivated by the animosity of Saul Zaentz, who Fogerty terms – despite all the contrary evidence – "the principal owner of Fantasy". (*Compare* Fogerty Petition at 5 *with Id.* at App. A 6.) The district court found that, in filing and maintaining the suit, Fantasy had acted in good faith and not frivolously. (Fogerty Petition App. A 30-32.)

Fogerty and Warner appealed the rulings on Fantasy's Rule 12(f) motion to strike portions of the Fogerty counterclaims, the summary judgment on the copyright counterclaims, and the denial of attorney's fees. (*See, e.g.*, Fogerty Petition at 6, n.4.) After its review of the record, the Ninth Circuit ascertained that Mr. Zaentz was merely a minority shareholder in and director of Fantasy (*Id.* at App. A 6.) and affirmed the district court in all respects.

(Fogerty Petition App. A 1-22.) Fogerty then filed this petition.

Fogerty implies in the petition that the $20,000 he was awarded as costs by the district court was not sufficient. (Fogerty Petition at 7, n.6.) He requested more than $157,000. (*Id.* at 7.) But neither in the Ninth Circuit nor in his petition for the writ of certiorari does he explain what costs were requested and not ordered nor how the district court is alleged to have abused its discretion; thus he has not properly raised this issue on appeal, and it is not properly before the Court. (*See* Opening Brief of Appellants in the Ninth Circuit at 36-49, wherein costs are mentioned but not argued.)

ARGUMENT

I. SUMMARY OF ARGUMENT

The attorney's fee provision of the Copyright Act, 17 U.S.C. § 505, was intended to protect a federal right with constitutional underpinnings. The implications of that protection are that plaintiffs, as holders of the rights to be protected, should not be treated in a mechanically similar fashion to the alleged infringers of those rights. While a plaintiff who prevails has, in effect, vindicated a federally secured right, a defendant who successfully defends a copyright infringement suit has done nothing comparable to advance the public interest. It is therefore appropriate to require a defendant seeking fees to demonstrate that

plaintiff has acted improperly in some fashion. With virtually no exceptions, the circuit courts endorse that proposition. Nice differences in the semantics used to express the policy do not denote differences in the results. A good faith plaintiff who had advanced a serious, tenable copyright claim is simply not subject to a punitive award of fees merely because that claim failed, regardless of the circuit in which that claim had been brought. The leading commentators have found it to be the nearly unanimous practice of the courts to require a showing of blameworthiness to justify an award of fees against a losing plaintiff. Therefore, no substantive conflict exists among the circuits.

The attorney's fee provision of the Copyright Act was intended, in the words of the Register of Copyrights, to discourage unfounded suits and frivolous defenses. Years of case law under the 1909 Act follow that approach. The 1976 re-enactment of the attorney's fee provision of the 1909 Copyright Act, without substantive change and in light of the judicial interpretation of that Act, reveals congressional intent to continue that interpretation in force in the 1976 Act.

Regardless of what judicial approach is taken to Fogerty's request for attorney's fees, it is doomed to fail. Having failed to demonstrate any impropriety or bad faith by Fantasy in bringing the suit, Fogerty would not have received an award of attorney's fees regardless of the forum chosen.

II. INTRODUCTION

The attorney's fee statute of the Copyright Act was enacted to protect a federal right. *Alyeska Pipeline Service Co. v. Wilderness Society*, 421 U.S. 240, 260-61 & n.33 (1975). The intention of the copyright law and the constitutional provision upon which it is founded is to " 'grant valuable, enforceable rights to authors [and their assignees], etc., without burdensome requirements; to afford greater encouragement to the production of literary [or artistic] works of lasting benefit to the world.' " *Mazer v. Stein*, 347 U.S. 201, 219 (1954) (quoting *Washingtonian Publishing Co. v. Pearson*, 306 U.S. 30, 36 (1939)). Thus Congress has taken the unusual step of giving the district courts discretion to shift the burden of some of the attorney's fees employed in the vindication of that right. *Alyeska*, 421 U.S. at 247. But imposing a fee award upon a copyright owner after the loss of an arguably meritorious, good faith copyright infringement action would have a chilling effect on the incentive of copyright holders to protect their copyrights. This, in turn, would diminish the value of copyrights and impose an unreasonable burden on the constitutionally contemplated rights granted to authors and publishers by Congress.

The statute permits only a reasonable fee. 17 U.S.C. § 505. Here, Fogerty seeks a fee award which can in no sense be considered reasonable as it includes all defendants' fees for the entire case, even though Fogerty lost his counterclaims and the defendants were unsuccessful in many motions. *See Hensley v. Eckerhart*, 461 U.S. 424, 437 (1983).

Fogerty seeks a writ of certiorari on the claim that the circuits are in conflict regarding the proper standards for fees pursuant to 17 U.S.C. § 505.[1] Specifically, Fogerty complains that defendants are not uniformly accorded the same favorable treatment as plaintiffs. This case, however, does not concern the standards for awarding fees to a successful plaintiff; what is involved here is the criterion for awarding fees to a prevailing defendant. *McCulloch v. Albert E. Price, Inc.*, 823 F.2d 316, 322 (9th Cir. 1987) (circuit authority, which involved award of fees to a victorious defendant, not binding on circuit when question is award of fees to victorious plaintiff).

Fogerty argues that four circuits award fees to plaintiffs merely for winning, but require defendants to show more than that. Fogerty calls this a dual standard. (Fogerty Petition at 10-12.) He claims that this dual standard conflicts with three other circuits that award fees to either party simply for winning, an approach he calls even handed. (*Id.* at 13.) Fogerty's assertions do not reflect the practice in any circuit. An analysis of the relevant cases reveals that the claimed differences are more rhetorical than real, that for more than fifty years federal courts have generally applied a fault concept to the award of attorney's fees in copyright cases, that such was known to Congress when it reenacted the attorney's fee provision of the Copyright Act in 1976, and that no significant conflict exists among the circuits. In view of the finding

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[1] This statute will be cited hereinafter as section 505. Section 505 grants district courts the discretion to award or deny costs and attorneys fees to the prevailing party in copyright cases.

that the action had merit and had been brought in good faith it is unlikely that any district court in any circuit would have awarded fees to Fogerty.

Fogerty's attempt to claim a conflict among the circuits with respect to the application of section 505 fails, because, as is explored in greater depth below, whatever rhetoric may be utilized by the courts, the cases uniformly award attorney's fees in copyright actions on the basis of some fault or misconduct on the part of the losing party, and not simply because one side or the other prevailed.

III. THE EXISTING NINTH CIRCUIT STANDARD FOR AWARDING FEES TO PREVAILING DEFENDANTS FULLY CONFORMS TO CONSTITUTIONAL AND CONGRESSIONAL MANDATE.

A. Fees Are Neither Automatically Awarded to Winning Plaintiffs nor Denied to Prevailing Defendants in the Dual Standard Circuits.

A number of circuits, including the Ninth Circuit, have made it clear that logic, as well as constitutional and congressional intent, requires the district courts to differentiate between prevailing plaintiffs and prevailing defendants when awarding fees in copyright actions. The Second, Seventh, Ninth, and District of Columbia Circuits require that a prevailing defendant demonstrate some element of fault on the part of the plaintiff, such as bringing a frivolous lawsuit or filing or maintaining a suit in bad faith, to justify attorney's fees pursuant to 17 U.S.C. § 505. *E.g., Pasillas v. McDonalds' Corp.*, 927 F.2d 440, 443-44 (9th Cir. 1991); *Video Views, Inc. v. Studio 21,*

Ltd., 925 F.2d 1010, 1022 (7th Cir.), *cert. denied*, ___ U.S. ___ (1991); *Reader's Digest Assoc., Inc. v. Conservative Digest, Inc.*, 821 F.2d 800, 809 (D.C. Cir. 1990); *Diamond v. Am-Law Pub. Corp.* 745 F.2d 142, 148-49 (2d Cir. 1984).

Most frequently cited as the fountainhead for the dual standard or asymmetrical[2] approach is the Second Circuit opinion in *Diamond v. Am-Law Publishing Corp.* There, the court adopted the distinction articulated in *Breffort v. I Had A Ball Company*, 271 F. Supp. 623, 627 (S.D.N.Y. 1967), that the Copyright Act provides for fees to a prevailing party in order to encourage plaintiffs to assert colorable claims and thus deter infringement. The court recognized that fee awards to prevailing defendants diminish plaintiffs' incentives to pursue tenable claims; hence, it delineated a standard under which fees should be awarded to a prevailing defendant only if the plaintiff's action was frivolous, brought in bad faith, was unreasonable, or lacked "arguable merit". Holding the copyright claim there without arguable merit, the *Diamond* court affirmed an award of fees to the prevailing defendant and held that it was not necessary that the defendant show subjective bad faith on the plaintiff's part. *Diamond v. Am-Law Pub. Corp.*, 745 F.2d at 148.

Conversely, an award of fees was reversed in *Roth v. Pritikin*, 787 F.2d 54, 57-58 (2d Cir.), *cert. denied*, 464 U.S. 961 (1986), because the district court's finding on which the award was based, to the effect that the action was entirely without merit, conflicted with the same court's

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[2] Asymmetrical is the term Professor Nimmer used to describe the circuits that Fogerty terms dual standard. See section D, *infra*.

decision on the merits a few years earlier, which had then been more respectful of the plaintiff's case. The Second Circuit in *Roth* suggested that the district court had succumbed to the "understandable temptation to engage in *post hoc* reasoning by concluding that, because a plaintiff did not ultimately prevail, [plaintiff's] action must have been unreasonable or without foundation. This kind of hindsight logic could discourage all but the most airtight claims, for seldom can a prospective plaintiff be sure of ultimate success." *Id.* at 58 (quoting *Christiansburg Garment Co. v. EEOC*, 434 U.S. 412, 421-22 (1978)).

Even in a dual standard or asymmetrical circuit, such as the Second, Seventh, Ninth or District of Columbia Circuits, a prevailing plaintiff is hardly assured of an award of fees under 17 U.S.C. § 505. While there is a degree of fault attributable to a defendant by virtue of the infringement, the courts have held it may be mitigated in any number of ways. For example, those circuits have denied fees to prevailing plaintiffs where, *inter alia*:

1. The defendant acted in good faith although in violation of copyright. *Dolori Fabrics, Inc. v. Limited, Inc.*, 662 F. Supp. 1347, 1357-58 (S.D.N.Y. 1987) (two infringers, one deliberate against whom fees were awarded, the other unintentional against whom no fees were awarded); *McCulloch v. Albert E. Price, Inc.*, 823 F.2d at 323.

2. The defendant's infringement was not wilful. *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 942-43 (7th Cir.), *cert. denied*, 493 U.S. 1075 (1989) (fees denied to prevailing plaintiff because infringement not flagrant or willful and plaintiff adequately compensated by award of profits). The court observed: "Awarding fees to the plaintiff under

these facts would serve only to sanction the defendant, which is inappropriate where the infringement was not willful." *Id.* at 943. *See also McCulloch v. Albert E. Price, Inc.*, 823 F.2d at 323.

3. Both parties are prevailing parties. *Video Views*, 925 F.2d at 1021-22 (plaintiff sued on 7 copyright claims and won only 2; fees refused to either side). In *Video Views*, as in our case, each party was a prevailing party on some copyright claims. Here, Fogerty was a prevailing defendant on a copyright claim after trial, but Fantasy was a prevailing counter-defendant on Fogerty's copyright claim on summary judgment, and that decision was affirmed by the Ninth Circuit. *Fantasy, Inc. v. Fogerty*, 984 F.2d 1524, 1526 (9th Cir. 1993); *Fantasy, Inc. v. Fogerty*, 664 F. Supp. 1345, 1353-55 (N.D. Cal. 1987).

4. Plaintiff conducted itself in a particularly arrogant and unreasonable fashion, though winning a nominal victory. *Warner Bros., Inc. v. Dae Rim Trading, Inc.*, 877 F.2d 1120, 1126, 1127 (2nd Cir. 1989).

5. The plaintiff's prosecution of the case was in bad faith. *McCulloch v. Albert E. Price, Inc.*, 823 F.2d at 323.

6. The legal issues were novel or close.[3] *Id.*

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[3] Although Fogerty was not a prevailing plaintiff, this rule appears to bar him from attorney's fees as well. Fogerty has commented on the novelty of the circumstances presented by this case, especially his authorship of both the allegedly infringing and the purportedly infringed work; indeed, he has claimed the case is *sui generis*. In addition, the case presented a number of novel or complex issues, such as whether a copyright's "beneficial owner" is insulated from infringement liability, *Fantasy, Inc. v. Fogerty*, 654 F. Supp. 1129, 1132 (N.D. Cal. 1987); whether Fogerty had a right to copy grounded in the "fair use" doctrine, *Fantasy, Inc. v. Fogerty*, 664 F. Supp. at 1350-51; and whether Fogerty had a First Amendment right to copy. *Id.* at 1351. The novelty or complexity of the issues is surely a factor affecting an award of fees, regardless of which side wins.

Thus, it appears clear that in the circuits employing the rhetoric of the asymmetrical standard, fees are neither automatically awarded to prevailing plaintiffs nor denied to prevailing defendants. Considerations of fault govern the awards, whether to plaintiffs or to defendants; and Fogerty's characterization of the rules in the circuits that have adopted this approach is erroneous as the applied results demonstrate.

B. Fogerty Would Not Receive Attorney's Fees in an Even Handed Circuit.

Fogerty cites, *inter alia*, *Sherry Manufacturing Company v. Towel King of Florida* Inc., 822 F.2d 1031, 1033 (11th Cir. 1987); *Lieb v. Topstone Industries, Inc.* 788 F.2d 151, 154-56 (3rd Cir. 1986); *Cohen v. Virginia Electric and Power Company*, 617 F. Supp. 619, 620-23 (E.D. Va. 1985), *aff'd in part, dismissed in part*, 788 F.2d 247 (4th Cir. 1986), as containing the "better" rule of treating prevailing defendants and plaintiffs alike – each being equally entitled to attorney's fees when a prevailing party. That claim does not withstand close scrutiny.

The Eleventh Circuit, commencing with *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 832 (11th Cir. 1982), has been cited as a forum in which the even-handed approach holds sway. In that case an award of fees to a prevailing plaintiff was affirmed, and

the court announced that it was not necessary that the plaintiff show the defendant's infringement was willful in order to be entitled to fees (nor, by dictum, that a prevailing defendant would be required to show that a plaintiff's suit was frivolous). Yet, at the same time, the court of appeals observed, "[T]he defendant's good faith and the complexity of legal issues involved likely would justify a *denial* of fees to a successful plaintiff. . . . " *Id.* at 832 (emphasis in original).

In later cases, the Eleventh Circuit further demonstrated a fault-based emphasis. In *Donald Frederick Evans & Associates, Inc. v. Continental Homes, Inc.*, 785 F.2d 897, 916-17 (11th Cir. 1986), the court of appeals affirmed a denial of fees to a prevailing defendant, saying that the "result is all the more appropriate [because] the plaintiff asserted colorable copyright claims of the type which 'section 505 is intended in part to encourage.' " The quote was taken from the Second Circuit's opinion in *Diamond v. Am-Law Publishers*. Thus, in denying fees to a prevailing defendant, we have a circuit committed to the even-handed approach relying upon both policy and authority from a circuit committed to the dual standard approach.

Nor does *Evans* demonstrate an isolated result. The Eleventh Circuit followed its basic premise in several later cases. If Fogerty's theory of the even-handed rule were correct, one would not suppose that reasons, beyond the identification of prevailing party, would be required to justify a fee award. But in *Sherry Manufacturing*, 822 F.2d at 1034-35, and *Casella v. Morris*, 820 F.2d 362, 366-67 (11th Cir. 1987), district court decisions awarding

or denying fees to the prevailing party without explication were vacated and the cases were remanded for clarification of the bases for the district court's exercise of its discretion for possible further appellate review. Any such review presupposes that there are standards by which the district court's exercise of discretion may be judged.

The court in *Casella* stated that although willfulness was neither a prerequisite for an award of fees nor a factor compelling an award of fees, it is "an important factor entering into a court's discretionary decision making." *Id.* at 366. In *Sherry Manufacturing*, the court opined that fees could be awarded to a prevailing defendant simply because the defendant had won, but qualified that statement by articulating the lesson that "a finding by the district court that [plaintiff] brought a colorable claim in good faith would amply justify a denial of fees." 822 F.2d at 1035. The court reiterated what it had said in *Evans*, again citing the Second Circuit opinion in *Diamond v. Am-Law Publishers*, that denial of fees against a losing plaintiff who has sued in good faith "is all the more appropriate . . . where the plaintiff asserted colorable copyright claims of the type which 'section 505 is intended in part to encourage.' " *Id.* at 1034. *See also Cable/Home Communication Corp. v. Network Productions, Inc.*, 902 F.2d 829, 854 (11th Cir. 1990) ("while willfulness does not compel a fee award, it is an 'important factor' in the district court's 'discretionary decision making.' ")

Fogerty also cites *Lieb v. Topstone Industries*, 788 F.2d at 154-56, for the even-handed approach. While remanding the case for clarification of the reasons for denying fees to a prevailing defendant, the Third Circuit observed that "the . . . lawsuit . . . patently had no legal merit", but

rejected a rule which would award fees routinely to any prevailing party. *Id*. The court stated that, as in the asymmetrical or dual standard circuits, the factors which should govern the district court's exercise of its discretion included "frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and the need . . . to advance considerations of compensation and deterrence." *Id*. at 156. *Lieb* was presaged within its circuit by *Whelan Associates, Inc. v. Jaslow Dental Laboratory, Inc.*, 609 F. Supp. 1325, 1329-30 (E.D. Pa. 1985), in which fees were denied to a prevailing plaintiff, notwithstanding that the infringement was willful and deliberate, because the factual and legal issues in the case were novel and complex, and the defendants had relied upon competent legal advice and genuinely believed they were entitled to do what they did, notwithstanding that their actions were often reprehensible and tortious.

In the Fourth Circuit, Fogerty relies on *Cohen v. Virginia Electric and Power*, 617 F. Supp. at 620-23, 788 F.2d at 249-50, as the definitive articulation of the even-handed principle. Contrary to Fogerty's assertion that the Fourth Circuit adopted the even-handed approach in *Cohen* (Fogerty Petition at 13), the circuit court did not reach the merits of the fee issue. Cohen was held to have waived the right to appeal from the attorney's fee award, and the Fourth Circuit did not review the district court opinion on that issue. *Id*. at 249. However, the circuit court denied the defendant both an award of fees on appeal and a remand to the district court for consideration of such award. It said: "Although we have determined upon review that Cohen's appeal is without merit, we do not

view this as a case where Cohen's claims were so frivolous that he should be sanctioned for taking the appeal." *Id*. at 249-50. That language is hardly consistent with the view that defendants should be awarded fees for merely prevailing.

Furthermore, the district court in *Cohen*, so heavily relied on by Fogerty (Fogerty Petition at 16-17), took pains to point out that when plaintiff sued, he proposed to rely on discovered facts to reveal evidence of infringement, but had failed to pursue discovery diligently. 617 F. Supp. at 623. It was defendant that assiduously pursued discovery and turned up the evidence of its innocence. *Id*. Thus, regardless of the rhetorical dicta of the district court's opinion, fault appeared as a basis of the award of fees to defendant, a conclusion which is supported by the district court's comments that fees were imposed because the plaintiff had caused defendant considerable expense and trouble, lost and deserved to lose, without explicit reference either to objective or subjective bad faith. *Id*. at 623. This conclusion is reinforced when it is discovered upon reading the opinion of the Fourth Circuit that the district court had imposed sanctions against the plaintiff and his attorney under Rule 11. 788 F.2d at 248.

In sum, just as attorney's fees under section 505 have been denied to prevailing plaintiffs and granted to prevailing defendants in the so-called dual standard circuits, the circuits that adhere to the even-handed rule desired by Fogerty have denied fees to prevailing defendants and set standards very much resembling culpability to guide the trial courts in the exercise of their discretion under the statute. It is highly probable that Fogerty would have

been denied fees by any court applying *Original Appalachian Artworks, Donald Fredrick Evans, Towel King* or *Lieb*. And the Fourth Circuit's opinion in *Cohen* signals its denial of fees to Fogerty as well.

C. Fault, as a Predicate to a Fee Award, Is a Common Thread in Other Circuits.

The common thread of culpability is woven through the fabric of the decisions under section 505 in almost all courts that have considered the issue. For example, in *Hughes v. Novi American, Inc.* 724 F.2d 122, 125-26 (Fed. Cir. 1984), fees to the prevailing defendant were premised on the persistence of plaintiff and his attorney in prosecuting the infringement claims on three copyrights which plaintiff knew were non-existent or invalid. In addition, plaintiff gave false answers in discovery. The district court expressly found that plaintiff had proceeded in bad faith, and the court of appeals called the "consideration given by the trial judge to the issue of attorney fees under [17 U.S.C. § 505] exemplary. . . . " *Id.* at 124.

In *Hebert v. Wicklund* 744 F.2d 218, 223-24 (1st Cir. 1984), the appellate court affirmed the award of fees to a prevailing defendant because plaintiff failed to oppose it in the district court and failed to preserve the issue for appellate review. However, the First Circuit awarded the defendant no fees on appeal. It cited *Jartech, Inc. v. Clancy*, 666 F.2d 403, 497 (9th Cir.), *cert. denied*, 459 U.S. 826 (1982), in which the Ninth Circuit found merit in the plaintiff's claims and reversed an award of fees to a prevailing defendant who had won on a fair use defense.

The First Circuit said, "We can easily imagine circumstances under which plaintiffs . . . could lose on the merits but still make an *independent*, successful argument against a defendant's motion for attorneys' fees." 744 F.2d at 223 (emphasis in original).

The Fifth Circuit has sent mixed signals. Early, in *Donald v. Zack Meyer's T.V. Sales & Service*, 426 F.2d 1027, 1031 (5th Cir. 1970), *cert. denied*, 400 U.S. 992 (1971), it appeared, without articulation, to follow a culpability criterion. The action was filed on the basis of an invalid copyright. Two defendants were sued, one who copied, although probably did so without meaning to infringe, and one who was an "innocent by-stander". *Id.* at 1028. On judgment for the defendants, the copying defendant was required to bear its own fees, but the innocent by-stander was awarded fees against the plaintiff, because the plaintiff had, "[u]nnecessarily joined Zack Meyer as a party defendant." *Id.* However, in *Micromanipulator Co. v. Bough*, 779 F.2d 255, 259 (5th Cir. 1985), the court apparently dispensed with the concept of judicial discretion entirely, and awarded fees to a prevailing plaintiff, because, "[t]hey are the rule rather than the exception and should be awarded routinely." *Id.* Of course, having prevailed, the plaintiff did demonstrate some fault by defendant. Furthermore, the quoted statement logically means that there are exceptions. The court, however, failed to outline the standards for review of the exercise of the trial court's discretion. The only authority that the Fifth Circuit relied upon in *Micromanipulator* for its "routinely" ruling is not a case interpreting section 505 or, indeed, any statutory attorneys' fee provision, but a case involving a contract provision for attorneys' fees, *Engel v.*

Teleprompter Corp., 732 F.2d 1238, 1241 (5th Cir. 1984). The criteria for and purpose of an award of fees pursuant to a contract and one pursuant to a statute implementing an important matter of public policy are quite different.

The Sixth Circuit has not taken a position with respect to the purported "conflict". *MCA, Inc. v. Parks*, 796 F.2d 200, 204-05 (6th Cir. 1986). In *MCA*, since the fee award was in favor of a prevailing plaintiff, the court's discussion of principles applicable in cases where defendants prevail is rather unfocused. As Fogerty observes in his Petition (p. 15), the Eastern District of Tennessee in the Sixth Circuit appears to have embraced the Second and Ninth Circuits' approach. *Dean v. Burrows*, 732 F. Supp. 816, 826-27 (E.D. Tenn. 1989).

Fogerty claims that the Eighth Circuit has not taken a position on the alleged split between the circuits. (Fogerty Petition at 14-15.) We respectfully disagree. *Hartman v. Hallmark Cards, Inc.*, 833 F.2d 117, 121-23 (8th Cir. 1987), is almost a paradigm for the present case. The defendant was the prevailing party, and the district court denied fees. The court of appeals reviewed the leading cases from the Second, Third, Ninth, Eleventh, and District of Columbia Circuits to decide on a standard from which to review the district court's exercise of discretion. Its conclusion might well have been written for this case:

> The court found . . . Hartman had not acted in bad faith and that her complaint was colorable and not baseless. *Under any of the standards that have been applied to the § 505 fee determination, the finding that Hartman's claim was not baseless*

> *supports the district court's determination not to award fees.*

Id. at 123 (emphasis added).

Thus, rhetoric aside, the good faith of Fantasy, the close question of copying, and the novel questions of law and fact would support a denial of fees to petitioner under any standard except one which would eliminate discretion entirely and make fees an automatic incident of winning. But, as both the even handed and the dual standard courts have frequently made clear, the statute *requires* that the district courts exercise discretion and explain the reasons for their decision. Therefore, even if the claimed conflict existed among the circuits regarding the interpretation of section 505, this case would be an inappropriate vehicle for the examination of any such conflict.

D. The Commentators Agree that the Circuits Are Virtually Identical in their Application of Section 505.

The leading commentators in the copyright field, Melville B. Nimmer and his successor, point out that while *dicta* in some of the opinions suggest that there is a disparity among the several circuits over a proper interpretation of 17 U.S.C. § 505, their apparent disagreements are, by and large, easily reconciled. 3 M. Nimmer and D. Nimmer, *Nimmer on Copyright* § 14.10[D][2] (1992) (hereafter "Nimmer"). As Nimmer puts it, blameworthiness is the central unifying principle by which the approaches of the various courts can be harmonized. Most courts, he says, require a showing of some fault on the part of the

losing party, beyond merely being defeated, and that generally the asymmetrical courts find such culpability exists when the plaintiff wins, in that the defendant has been shown to be guilty of an infringement. *Id.* at 14-126 - 14-127. Thus, in the so-called dual standard circuits, an award of fees to a victorious plaintiff is predicated on a finding of wrongful conduct, *i.e.*, some fault by the defendant. But even there, such fees are not automatic and may be denied where it appears that the defendant was without real blame. *Id.* at 14-127; *McCulloch v. Albert E. Price, Inc.*, 823 F.2d at 323.

The victory of a defendant, on the other hand, may indicate nothing more than that the plaintiff failed to carry its burden of proof, as the commencement and maintenance of an unsuccessful lawsuit carries with it no implication of culpability. A prevailing defendant who has proved no more than that the plaintiff has lost has failed to show anything equivalent to copyright infringement. To award fees to such a winning defendant, absent any proof of plaintiff's fault, would give a victorious defendant a more favored position than a prevailing plaintiff who has demonstrated that the defendant was a tortfeasor. That is not even-handedness. Criteria such as frivolousness, bad faith, absence of merit, or unreasonableness, as a prerequisite for awarding fees to a defendant, level the playing field as between victorious plaintiffs and prevailing defendants. Notwithstanding differences in rhetoric, this kind of analysis pervades the seemingly variant approaches of both the dual standard and the even handed courts. *Nimmer* at 14-119 - 14-127.

Nimmer is not the only commentator to note the thread of culpability as a touchstone for the application of

section 505. The editors of American Law Reports have observed, "[P]erhaps the most important single factor in determining whether attorneys' fees should be awarded is blameworthiness. Whether or not blameworthiness is held to be a strict requirement for an award of attorneys' fees, it is apparent that an attorney's fees generally will only be awarded when there is some degree of blameworthiness on the part of the losing party, such as deliberate and willful infringement, or other evidence of bad faith and misconduct." Annotation, *Award of Attorney's Fees Under §§ 101 et seq. of Copyright Act, 17 U.S.C. § 505 – Modern Cases*, 85 A.L.R. Fed. 434, 446 (1987).

E. The Intent of the Copyright Laws Is to Encourage Lawsuits on Colorable Claims for Infringement and Thereby Protect Copyrights.

The dual standard advances the policy of the Copyright Act by encouraging suit on colorable claims of infringement, and thereby protecting copyrights and discouraging infringement. Logic dictates that awarding fees to a successful plaintiff enhances the purpose of the Copyright Act by encouraging copyright holders to assert their rights. *Video Views*, 925 F.2d at 1022; *Bibbero Systems, Inc. v. Colwell Systems, Inc.*, 983 F.2d 1104, 1109 (9th Cir. 1990); *McCulloch v. Albert E. Price, Inc.*, 823 F.2d at 323; *Roth v. Pritikin*, 787 F.2d at 57; *Diamond v. Am-Law Pub. Corp.*, 745 F.2d at 148; *Breffort v. I Had A Ball Company*, 271 F. Supp. at 627.

An award of attorney's fees to a prevailing plaintiff allows copyright holders of even modest means to sue for

copyright violations which may not lead to a large damage award. The knowledge that attorney's fee awards are reasonably likely in the event of infringement also acts to deter violations and thus furthers the congressional intent.

Logically, however, awarding fees to a successful defendant does nothing to advance the policy of the copyright law, for no copyright is protected. Indeed, to award fees to a prevailing defendant without fault on the part of the copyright holder chills the incentive to enforce copyrights. As the Second Circuit said in *Roth v. Pritikin*:

> Because the Copyright Act is intended to encourage suits to redress copyright infringement, fees are generally awarded to a prevailing plaintiff. The logical converse of this legislative purpose, however, requires that attorney's fees to prevailing defendants be awarded circumspectly to avoid chilling a copyright holder's incentive to sue on "colorable" claims. This is particularly true since an award of attorney's fees is deemed to serve the additional purpose of penalizing the losing party.

787 F.2d at 57. Where the copyright law is used in a frivolous way or in bad faith, it is of course appropriate to allow a district court to exercise its discretion under section 505 and award fees in addition to costs. *Grosset & Dunlap, Inc. v. Gulf & Western Corp.*, 534 F. Supp 606, 609-11 (S.D.N.Y. 1982).

This dual standard in copyright cases is analogous to that articulated by the Supreme Court in civil rights cases, directing district courts not to engage in *post hoc* reasoning to conclude that, because a plaintiff did not

prevail, his suit must have been unreasonable and without foundation, for only the rare plaintiff could be assured of "ultimate success." *Christiansburg Garment Co. v. EEOC*, 434 U.S. 412, 421-22 (1978). *See also Miller v. Los Angeles County Bd. of Educ.*, 827 F.2d 617, 619 (9th Cir. 1987) (trial courts must "avoid undercutting Congress' policy of promoting vigorous prosecution of civil rights violations under Title VII and § 1983").

F. The Cases under the 1909 Act and the Congressional Intent as to the Meaning of the 1976 Act Support the Ninth Circuit Standard.

Before the 1976 Copyright Act was enacted, the statute governing attorney's fees to the prevailing party in a copyright action read as follows: "In all actions, suits, or proceedings under this title . . . full costs shall be allowed, and the court may award to the prevailing party a reasonable attorney's fee as part of the costs." 17 U.S.C. § 40 (later § 116). The 1976 Act adds only the word "also" to the previous statute insofar as it relates to attorney's fees. A plenitude of cases under the attorney fee statute of the 1909 Copyright Act, coupled with a report to Congress by the Register of Copyrights, establish that Congress knew it was adopting the asymmetrical approach when it declined to make any substantive change in the law and enacted the attorney's fee provisions of the 1976 Act. Congress was well aware, in fact, that courts already required an element of fault before attorney's fees would be awarded to a prevailing defendant, when it reenacted the attorney's fee provisions without significant change in section 505.

Neither the final House or Senate Report relating to the 1976 Copyright Act sheds much light on the construction of section 505. *See H.R. Rep. No. 1476, 94th Cong., 2d. Sess. 163* (1976); *S. Rep. No. 473, 94th Cong., 1st. Sess. 145* (1975). As mentioned in the House Report, however, the revision of the Copyright Act, which culminated in 1976, took place over a 21-year period. During that time the Copyright Office submitted to Congress 35 published monographs on most of the major substantive issues in copyright revision, and in 1961 submitted the Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, which was printed for use by the House Committee on the Judiciary. *H.R. Rep. No. 1476*, at 47. In the 1976 Act, Congress adopted the Register's recommendation from the 1961 Report with respect to costs: an award of costs, formerly mandatory, was made discretionary under section 505. Congress was also aware of the then existing law, as summarized by the Register, that attorney's fees under section 116 of the 1909 Act were awarded to prevailing defendants pursuant to a blameworthiness standard. The report of the Register says of the proposed attorney's fees section of the act:

> The discretionary power of the courts [under section 116] to require the losing party to pay "a reasonable attorney's fee" is intended to discourage unfounded suits and frivolous defenses. The courts have generally denied awards of attorney's fees where the losing party had solid grounds for litigating his claim or defense. This discretionary power of the courts is generally regarded as salutary, and we concur in this view.

> The language of section 116 indicates that the allowance of "full costs" is mandatory, and some courts have so held, but others have treated the allowance of costs as discretionary. Section 116 should be clarified in this respect. We believe that the allowance of costs, like the award of attorney's fees, should be left to the discretion of the court.

Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law at 109.

In his Second Supplemental Report to Congress on the General Revision of the U.S. Copyright Law (December 1975), the Register comments at page 329 that "Except for the provision on damages, profits, and criminal infringement, the [proposed] bill would make few changes in the remedies for copyright infringement available under the present law."

Thus, in the course of its lengthy process of amending the Copyright Act, Congress was made aware that the courts had long interpreted the existing attorney's fee statute, with language strikingly similar to what it enacted in the 1976 Act, to provide for an award of fees to prevailing defendants only where the plaintiff did not have solid grounds for its lawsuit. And the Register's description of then existing case law, and the case law that continued through 1976, was, as we shall show, a quite accurate depiction of the dual standard approach to the issue of attorney's fees.

One of the leading pre-1976 Act cases is *Official Aviation Guide Co. v. American Aviation Associates*, 162 F.2d 541, 543 (7th Cir. 1947), in which fees were denied to a prevailing defendant/cross-complainant. The court of appeals

affirmed, observing that the denial was well within the discretion of the district court, because, "The instant case was hard fought and prosecuted in good faith, and it presented a complex problem in law." In *Eisenschiml v. Fawcett Publications, Inc.*, 246 F.2d 598, 604 (7th Cir.), *cert. denied*, 355 U.S. 907 (1957), fees were awarded by the district court to defendants whose uses of plaintiff's copyrighted works were held to be fair and insubstantial. The court of appeals reversed because the case was not entirely without merit and involved a close question. It said that "plaintiff should not be assessed attorney fees for trying to protect the copyright on his books." *See also Stein v. Expert Lamp Co.*, 107 F. Supp. 60, 61 (D. Ill. 1952) (fact that plaintiff "had no right which could be protected under the copyright laws does not establish that the complaint was filed in bad faith or for the purposes of harassment").[4]

[4] Pre-1976 Act cases also include *Rose v. Bourne, Inc.*, 176 F. Supp. 605, 612 (S.D.N.Y 1959), *aff'd*, 279 F.2d 79, 81 (2nd Cir. 1960) (fees awarded against a losing plaintiff because his refusal to accept a Supreme Court decision as dispositive deemed frivolous); *Mailer v. RKO Teleradio Pictures, Inc.*, 332 F.2d 747, 749 (2nd Cir. 1964) (award of fees to prevailing defendant affirmed because plaintiff's "claim was . . . 'unreasonable' [in that the action] represented an attempt by Mailer to employ a highly technical argument as a means of extracting a grossly unfair penalty assessment from the defendants"); *Burnett v. Lambino*, 206 F. Supp. 517, 518-19 (S.D.N.Y. 1962) (fees awarded to defendant because plaintiff's case so demonstrably lacking in merit that bringing it was "clearly unreasonable", "patently erroneous", "ridiculous" and involved "palpable trivialities"); In *Lewys v. O'Neill*, 49 F.2d 603, 604, 611 (S.D.N.Y 1931) (the court awarded defendant fees, finding plaintiff's claim "wholly preposterous" and absurd); *Rose v. Connelly*, 38 F. Supp. 54, 55

G. Fogerty Is in No Worse Situation Than Any Other Artist.

Fogerty complains that because he was accused of self-copying he was unlikely to prevail on summary judgment, and thus could not qualify for an award of attorney's fees under section 505. (Fogerty Petition at 19-20.) He asserts that he must create new works completely dissimilar from the style of his earlier work in order to avoid legal attack from Fantasy. This, he contends "is an undesirable perversion of the copyright law and is contrary to the purpose of the Copyright Act. . . . " (*Id.*)

Self-copying only affects the access aspect of infringement; it is irrelevant to the issue of substantial similarity. For an infringement action to prevail the plaintiff must prove substantial similarity, an issue that is often decided in the Ninth Circuit (and other circuits) on summary judgment. *Shaw v. Lindheim*, 919 F.2d 1353, 1355 (9th Cir. 1990); *Worth v. Selchow & Righter Co.*, 827 F.2d 569, 571 (9th Cir. 1987), *cert. denied*, 485 U.S. 977 (1988). Thus, had this case been one where Fogerty's composition was truly dissimilar to the copyright owned by Fantasy, it would have been an appropriate case for summary judgment. Fogerty, like any composer, must take reasonable care that his "new" compositions are not copies of

(S.D.N.Y. 1941) (fees awarded to defendant because the "claim of plagiarism herein seems to be quite fantastic"); and *Cain v. Universal Pictures Co.* 47 F. Supp. 1013, 1019 (S.D. Cal. 1942) (fees "should not be awarded [prevailing defendant] unless equity considerations exist which call for the penalization of the losing party"). A considerable number of similar cases are merely cumulative and not cited.

music owned by others. All other artists are subject to the same rule; surely Fogerty has no basis to claim a unique and favored status of protection from the copyright laws.

Fantasy never claimed infringement because of similarity of style. And Fogerty, in his work since leaving Fantasy's predecessors-in-interest, has created many works that are stylistically similar to his earlier work, yet he was sued for copyright infringement for only one such composition. Either Fogerty is capable of writing songs with different melodies, as Fantasy and Fogerty both claimed, or the recurrent "animosity" refrain which Fogerty claims underlies this "threat" of repeated suits is merely Fogerty's hobgoblin.

Many infringement suits involve an "artist" who created the work sought to be protected as well as an "artist" alleged to be the copier of the protected work. The courts should not ignore the congressional intent of encouraging suits to protect copyrights merely because the alleged infringer is also an artist. A copier, whether artist or not, does not represent the interest Congress has selected to shield by the legislation. Authors are not safeguarded when they are afraid to protect the works they have created because they might face huge awards of attorney's fees if they lose.

Fogerty complains of the potential for forum shopping because the attorney's fee standard differs from circuit to circuit. (Fogerty Petition at 16.) But cases under both the 1909 and 1976 Acts indicate, on the contrary, that copyright cases are generally filed in those areas of the United States that have a concentration of industries related to intellectual property: New York, Illinois and

California. And the common requirement of blameworthiness on the part of the losing party before attorney's fees are awarded would, in any event, remove any motive to forum shop. Furthermore, forum shopping is not easily hidden, and a losing plaintiff risks a finding of bad faith for that conduct. We note as well, that the instant case was brought in Fogerty's home community, and can hardly be cited as an example of the danger of forum shopping.

CONCLUSION

Respondent respectfully submits that there is no serious conflict in the circuits on the interpretation of 17 U.S.C. § 505. All the circuits that have considered the issue have indicated that fault is an important touchstone for an award of attorney's fees to the prevailing party in a copyright infringement action. No circuit, despite Fogerty's assertion, ratifies an award of fees to a prevailing party without an exercise of discretion, based on sound principles which are explicitly linked to fault. The punishment inflicted on a defendant by an award of attorney's fees is essentially for the wrong of infringement. To balance the scale, a plaintiff is punished for the "wrong" of bringing a frivolous suit or doing so in bad faith. These results comport with the spirit of the Copyright Act and the intent of Congress in its passage. It is historically true to the cases under the 1909 Act, which recite essentially

the same language without substantive change. Therefore, no reason exists to grant the writ of certiorari in this case.

Respectfully Submitted,

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In The

Supreme Court of the United States

October Term, 1993

JOHN C. FOGERTY

Petitioner,

vs.

FANTASY, INC.,

Respondent.

On Writ Of Certiorari
To The United States Court Of Appeals
For The Ninth Circuit

JOINT APPENDIX

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[1] Documents with an "App." reference were included in the printed appendix to the Petition for a Writ of Certiorari which was filed with this Court on April 30, 1993.

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Court of Appeal

Ninth Circuit Court of Appeal Opinion Affirming Denial of Award of Attorney's Fees to Defendants	February 2, 1993

WHERE DID THE REST OF CREEDENCE GO?

By JON MATSUMOTO

As the band's principal songwriter and vocalist, John Fogerty was Creedence Clearwater Revival to most rock fans. But what about the other three members of the group, bassist Stu Cook, drummer Doug Clifford and rhythm guitarist Tom Fogerty?

How do they look back on the group? What are they doing now? What do they think about Fogerty's new record?

One thing the three apparently agree on is there are no plans for a Creedence reunion.

"I wouldn't count on it," said Cook by phone from his home in Berkeley.

"Obviously, John doesn't want to bring Creedence back together. Even if he did, I would have my misgivings about such a venture. We just have never been able to recapture the camaraderie that existed when we started out. Why should we get together unless it's just to make a lot of money?"

According to Cook, the demise of Creedence was set off by a sibling rivalry between brothers John and Tom. The latter had been the leader of the group in its pre-Creedence days, but John guided it through its string of hits. Tom eventually began to demand more artistic input, which John was unwilling to grant, Cook says.

Clifford also attributed some of Creedence's breakup to the tumultuous relationship that existed between John Fogerty and Fantasy Records. "But I'd rather not dwell

on the breakup," he said by phone from his home in Lake Tahoe. "I'd rather think positively about the longevity of Creedence's music."

Despite the strong feelings that Creedence won't get back together, Cook and Clifford believe that the group members are still capable of recapturing their old magic together on a musical level. Both base their opinions on an impromptu reunion they had with John in October of 1983.

"John, Doug and I all played at our high school reunion," Cook recalled. "Doug and I didn't think John would come because he's not a real socializer. But he and his wife showed up and we talked for a couple of hours and had dinner. Then afterward, John came up to us and asked if we wanted to play. We played a mixture of old Creedence tunes and some blues covers that we used to do before we were called Creedence. It all seemed so natural."

Though Cook believes John is responsible for some of the all-time great rock songs, he's less than thrilled with Fogerty's new single, "The Old Man Down the Road."

"From what I've heard on the radio, I am not impressed," he said. "Don't get me wrong. I wish him well. But if he was going to copy an old Creedence tune, he should have picked 'Proud Mary' instead of 'Run Through the Jungle.' If we weren't good enough to play in his band, and this is what he's come up with by playing all the instruments himself, I am glad I didn't play on this album."

Clifford concurred, "I'm kind of disappointed. I expected it to be a little more contemporary. It sounds really stiff. I guess you can't expect much growing if you haven't worked with anyone else in 10 years."

Since Creedence split, the other three have been involved in studio work. Tom Fogerty, who lives in Arizona, has released several albums and, according to Cook, is about to begin work on another. Clifford is also looking forward to recording a solo album this year, in addition to playing drums for a new Doug Sahm album.

Though Cook anchored the rhythm (with Clifford) for Sahm's 1974 album "Groovers Paradise" and produced two Roky Erickson and the Aliens LPs, he spends most of his time now leading a quiet, leisurely life. Besides playing golf and talking to people around the world on his ham radio, he is enrolled in hotel and restaurant management courses at Golden Gate University. Cook who is considering opening up a restaurant also spends time recording songs on a four-track recorder and playing rock with local musician friends.

Despite some unpleasant memories over Creedence's breakup, Cook still looks back fondly over his years with the band.

"I miss the feedback and the communication that goes on between audience and entertainer," he explained. "It's something that really gives you a buzz. Playing Woodstock and the Royal Albert Hall in London were definite highlights.

"I think Creedence will be remembered as one of the great bands. That really gives you a sense of accomplishment that (every band member) should have, no matter how things turned out in the end. We really shouldn't be dwelling on how it all came apart." ■

DECLARATION OF DR. PAUL O. W. TANNER

I Paul O. W. Tanner declare as follows:

1. I am a musician, musicologist and professor of music. I am 67 years of age and have been involved professionally with music of all kinds since the age of 13 when I first became professionally employed as an instrumentalist (trombone). From the age of 20 on, I worked as an instrumentalist with many of the top popular music orchestras and swing bands in the United States, including the Glenn Miller band for its entire 4½ year long civilian duration and then with such other leaders as Charley Spivak, Les Brown, Tex Beneke, Henry Mancini, Nelson Riddle and many others. I have also performed with classical orchestras under the direction of such conductors as Leonard Bernstein, Walter Hendl, Zubin Mehta, Eugene Ormandy, Andre Previn, Arturo Toscanini, and Bruno Walter. I worked extensively in studio orchestras for all of the major motion picture, television and recording studios in Los Angeles and played first trombone for the American Broadcasting Company Orchestra in Los Angeles for a period of sixteen years. In the area of rock and roll music, I have performed on records with such successful groups as the Beach Boys and many groups released on the Motown Record Company label.

Following service in World War II, I returned to school at UCLA and earned my bachelor's degree in music *magna cum laude*. I stayed at UCLA and earned, successively, my master's degree and a Ph.D. in music. I then remained at UCLA as a professor of music for a total of 23 years until my retirement a few years ago. While at

UCLA I taught in all four of the sub-disciplines into which the music department's program was divided: performance, theory, musicology, and music education. The course I taught there in the subject "The Development of Jazz" consistently attracted a large student following: in the aggregate more than 75,000 students passed through that course. Early in the 1970's, I was accorded the title "Distinguished Professor of Music" at UCLA. While at UCLA I also lectured and conducted music clinics at a wide and diverse list of other universities including the University of Southern California, California State University Northridge, California State University Long Beach, the University of Washington, North Texas State University, the University of Indiana, the University of Florida, the University of North Carolina, Georgia State University, the University of Arkansas, the University of Wisconsin, the University of Arizona, Arizona State University and Kent State University. I have also lectured in foreign locales, including London, Johannesburg and Venice.

In the area of writing and publication, I have composed many published works, emphasizing concertos and other works for my first-learned instrument, the trombone, and I have authored and published numerous books on learning methodology for the playing of that instrument.

Several years ago, I authored a textbook on the history of jazz, entitled "A Study of Jazz", which has become the most widely used textbook on the subject in the world and is currently in use at several hundred colleges and universities through the United States. In the same vein, I

wrote and composed an educational film, entitled "Discovering Jazz", for the Columbia Broadcasting System, which is widely circulated in educational circles.

Since my retirement from UCLA, I have lectured extensively in music and, in particular, on the history of jazz. I am currently committed to lecture on the subject at the American University in Paris and at the American University in London during March of 1985.

2. I have compared the melodies of the compositions respectively entitled "Run Through the Jungle" by John C. fogerty and "The Old Man Down The Road" by John Fogerty. My comparison was done by listening to the composition "Run Through the Jungle" as performed on the Creedence Clearwater Revival Record Album entitled "Cosmo's Factory" (Fantasy Record Album No. 8402) and to "The Old Man Down The Road" as performed by John Fogerty on the record album entitled "Centerfield" (Warner Bros. Record Album No. 1-25203). I transcribed the music from the albums into comparative melody lines written in customary musical notation, and in doing so I also had reference to the lead sheet of "Run Through the Jungle" as filed with the Copyright Office by Jondora Music dated 1970. A copy of the results of that comparative transcription is attached to this declaration, marked Exhibit A and by this reference incorporated herein as though set forth in full at this point.

3. Based upon my experience and the comparison described above, it is my opinion that "The Old Man Down the Road" is substantially similar to "Run Through The Jungle" both with respect to the entirety of the melody and as to all individual musical characteristics.

Indeed, in my opinion, the similarities between the two are so strong as to make them virtually identical musically. Without limiting the generality of that opinion, but only to illustrate the specifics of the similarity (indeed identity) between the two compositions, the following observations are in order:

(a) The tempos are virtually the same.

(b) The harmonic pattern in which the melody is performed is identical; both compositions use but a single harmony, the tonic minor cord.

(c) Both follow the identical structure of an eight-bar verse and a short chorus.

(d) Both follow virtually the identical melody line, the melody being composed of the lowered (or flatted) seventh note and the tonic note above it. I have indicated, by lines drawn from the staff of one of the indicated melodies to the staff of the other on Exhibit A, the places where the melodies are identical.

Where there are apparent differences between the melodies, the differences are of no musical substance. Thus:

(i) The last note of the first bar of "Run Through the Jungle" drops from the tonic to the flatted seventh while the comparable note in "The Old Man Down the Road" remains at the tonic. This is an insubstantial variation because the notes are "off the beat" (i.e., they receive no emphasis), within the same harmonic and in each instance merely lead into the emphasized first note of the second bar which in each case is the tonic;

(ii) The last two beats of the second bar of "Run Through the Jungle" are occupied by a rest, while the last two beats of the second bar of "The Old Man Down The Road" are occupied by a half beat rest and three eighth notes (one-half beat each) of the flatted seventh. Those eighth notes have no musical value and are termed "pick-up notes" among musicians because their only function is to lead into the following bar of music. They can be dispensed with without affecting the melody and are usually included in compositions only to provide tonalities at which non-emphasized syllables of the lyrics can be sung. Similar "pick-up notes" appear in the last one and one-half beats of the fourth bar of "The Old Man Down the Road" and again at the end of the eighth, tenth, and twelfth bars of both songs, where their tonalities are identical;

(iii) The last note of the third bar of "Run Through the Jungle" (the penultimate note of the first phrase of the melody) is raised to the minor third while the comparable note of "The Old Man Down The Road" remains at the tonic. Again this is an insubstantial variation, being within the same harmonic, being at an "off the beat" position in the melody line and serving merely as a lead-in to the emphasized first note of the fourth bar which is the identical tonic note in each song. Raising the note in this fashion is merely an embellishment or a variation on the melody and is of a kind which has been commonly heard in types of music influenced by the Blues form (jazz, swing, and rock and roll) since the beginnings of the Blues;

(iv) the last phrase of the chorus of "Run Through the Jungle" occupies two bars while the last phrase of the chorus of "The Old Man Down the Road" occupies four bars. However, the phrases are melodically identical, hence the four-bar phrase in "The Old Man Down the Road" is merely an elongation of the two-bar phrase in "Run Through the Jungle". Thus, the same notes are spread through a longer time period but are in all other respects identical and therefore constitute the same melody.

4. Because music is an auditory medium, comparison was also made between the audible presentations of the songs on the two records identified above. The auditory comparison confirms the substantial similarity, indeed the essential identity, between the two. They are exactly the same in feeling, timbre and register and in all essential respects are treated the same in arrangements. Thus, the ostinato figurations used as background in the recording of "Run Through the Jungle" are also used identically in "The Old Man Down the Road". The guitar figurations used as introductory musical material and as "fill-in" are identical as indicated by the last two lines of staff (under the heading "guitar figuration") on Exhibit A, the only differences being an insignificant variation in the time values of the notes in the second bar.

5. Based upon all of the foregoing, it is my conclusion that the melody to the "Old Man Down the Road" is the same as the melody to "Run Through the Jungle", i.e., substantially similar, and that such differences as may exist between the two melodies are insubstantial and

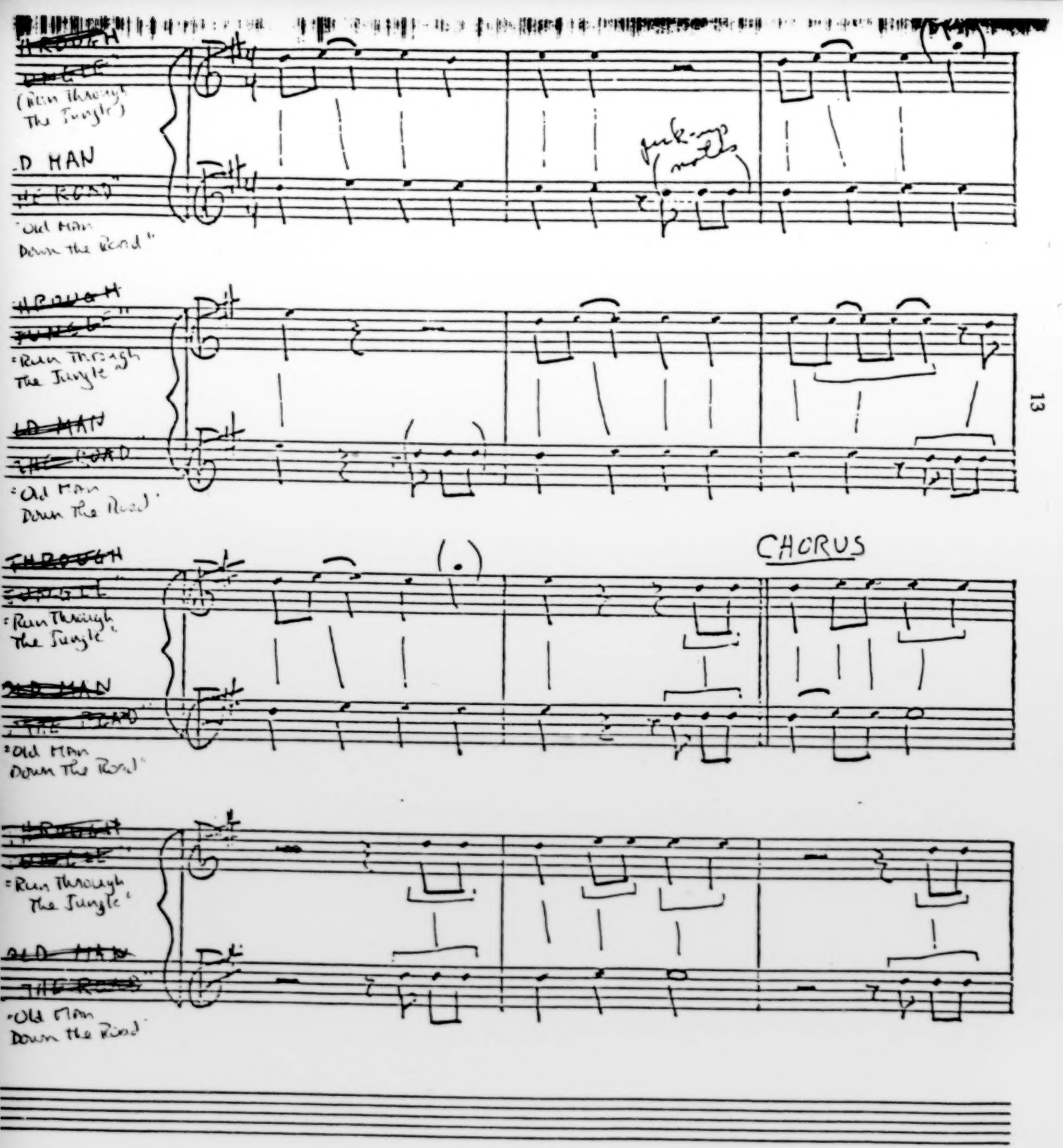
indeed insignificant. This opinion is confirmed by a comparative listening to the presentations of the two compositions on the respective records. The auditory impression made by the two compositions on the listener is in all respects the same musically, the only differences between the two being in the words of the lyrics to the respective compositions.

6. All of the foregoing is stated on my own personal knowledge, except as to the matters of opinion hereinabove expressed, and as to those matters of opinion, my opinion is based upon the facts hereinabove set forth and upon my experience, education, and training in music, and said opinion is truly held. If called as a witness in this proceeding I could testify competently to all of the foregoing.

I declare under penalty of the perjury laws of the State of California that the foregoing is true and correct.

Executed at Los Angeles, California this 5 day of February, 1985.

/s/ Paul O. W. Tanner
PAUL O. W. TANNER
Declarant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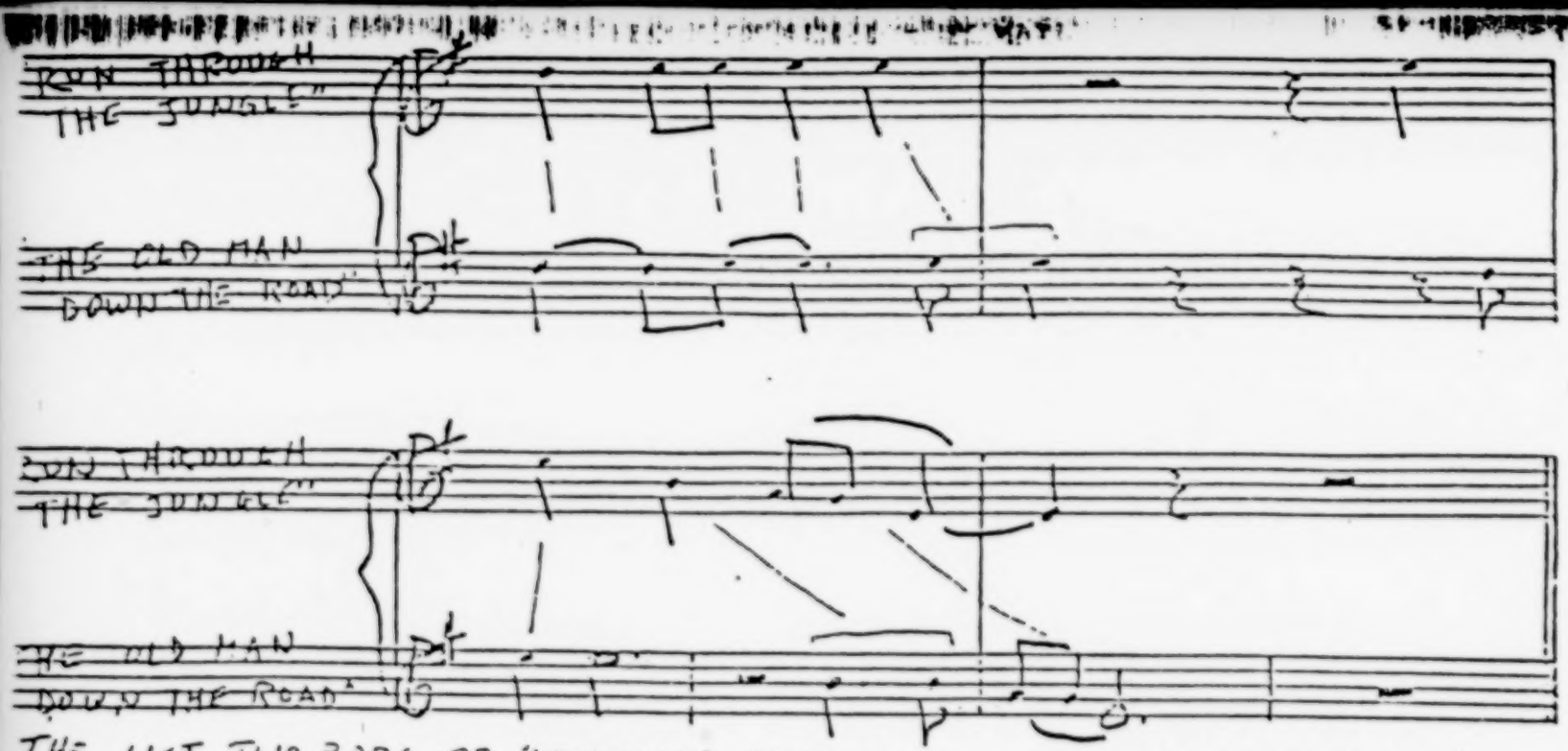
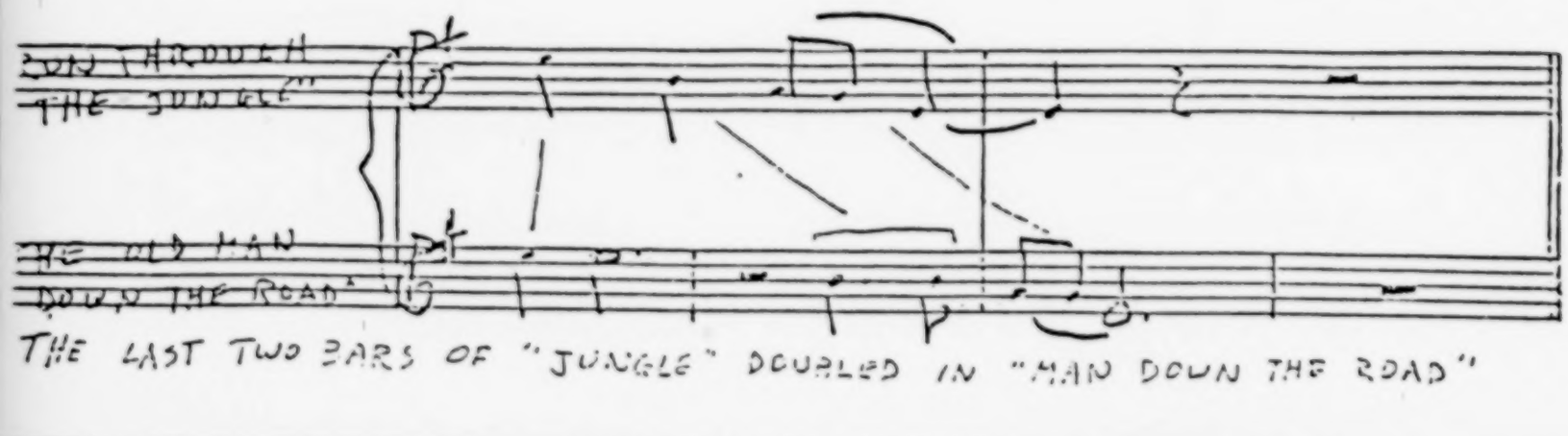

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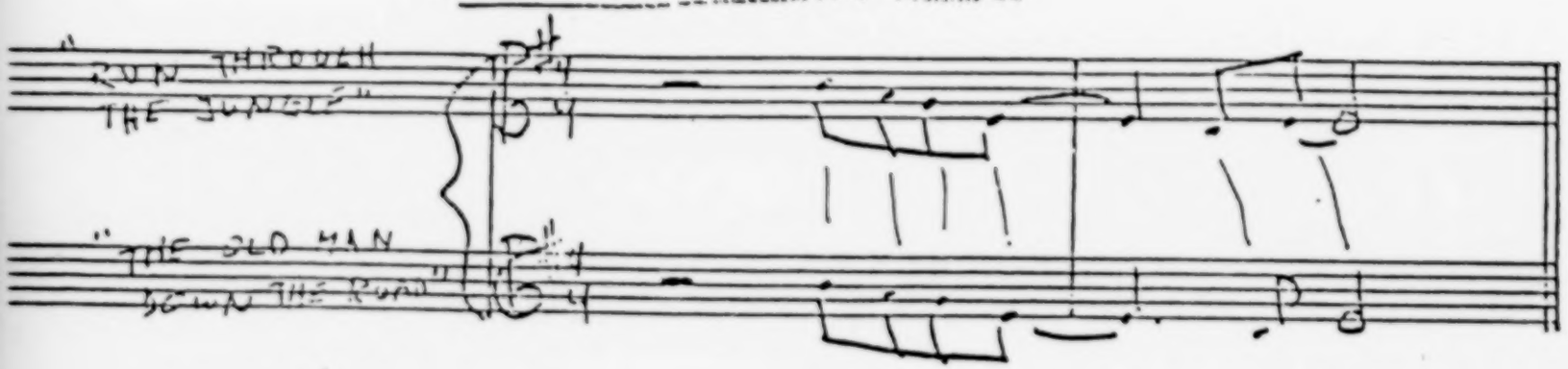
GUITAR FIGURATION



UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

FANTASY, INC., Plaintiff, v. JOHN C. FOGERTY, WENAHA MUSIC CO., WARNER BROS. RECORDS, INC., WEA INTERNATIONAL, INC., WARNER COMMUNICATIONS, INC., WEA MANUFACTURING, INC., WEA CORPORATION, Defendants. AND COUNTERCLAIMS	No. C 85 4929 SC JUDGMENT (Filed Nov. 7, 1988)

In accordance with the verdict of the jury in this case, as entered on November 7, 1988, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Judgment shall be entered for Defendants John C. Fogerty, et al., and against Plaintiff Fantasy, Inc.

Dated: November 7, 1988

/s/ Samuel Conti
United States District Judge

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

FANTASY, INC., Plaintiff, vs. JOHN C. FOGERTY, et al. Defendants.	CASE NO. C-85-4929-SC NOTICE OF MOTION FOR AN AWARD OF REASONABLE ATTORNEYS' FEES AND COSTS
AND RELATED CROSS-ACTIONS.	DATE: January 6, 1989 TIME: 10:00 a.m. COURTROOM: One

(Filed Nov. 22, 1988)

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD HEREIN:

PLEASE TAKE NOTICE that on January 6, 1989, at 10:00 a.m., or as soon thereafter as counsel may be heard, in Courtroom No. One in the United States Courthouse,

450 Golden Gate Avenue, San Francisco, California, defendants John C. Fogerty, Warner Bros. Records, Inc., WEA International, Inc., WEA Manufacturing, Inc., WEA Corporation and Warner Communications, Inc. (collectively "Defendants") will move this court for an Order granting Defendants an award of full costs of suit, including reasonable attorney fees. This motion is made pursuant to the United States Copyright Act, 17 U.S.C. § 505 and Rule 270 of the Local Rules of the Northern District of California.

Said motion is made on the grounds that plaintiff's copyright infringement claim was frivolous, vexatious and initiated and prosecuted in bad faith. Said motion is based on this notice, Defendants' Memorandum of Points and Authorities, the Declarations of Kenneth I. Sidle and Vincent H. Chieffo, the pleadings and records on file herein, the trial held herein, and such other oral and documentary evidence which may be presented at the hearing.

DATED: November 22, 1988

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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

FANTASY, INC. Plaintiff, v. JOHN C. FOGERTY, et al., Defendants. AND RELATED COUNTERCLAIMS.	CASE NO. C 85 4929 SC MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF DEFENDANTS' MOTION FOR AN AWARD OF FULL COSTS INCLUDING REASONABLE ATTORNEYS' FEES DATE: January 6, 1989 TIME: 10:00 a.m. COURTROOM: ONE (Filed Nov. 22, 1988)

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I.
INTRODUCTION

This Memorandum is filed in support of the Motion of Defendants John C. Fogerty ("Fogerty"), Warner Bros. Records, Inc., WEA International, Inc., WEA Manufacturing, Inc., WEA Corporation, and Warner Communications, Inc. (collectively "Warner") for an award of their respective full costs, including reasonable attorneys' fees, pursuant to the United States Copyright Act, 17 U.S.C. §505, and this Court's Local Rule 270.

All defendants are entitled an award of their full costs, including reasonable attorneys' fees, because Fantasy, Inc.'s ("Fantasy") copyright infringement claim was frivolous, vexatious and initiated and prosecuted in bad faith as part of Saul Zaentz's ongoing, and admitted, "answer to a vendetta" that Zaentz claims Fogerty started years ago. Fantasy's claim that Fogerty "must have copied" is directly contrary to the legal position taken by Fantasy over many years when it secured independent copyrights on many Fogerty compositions without claiming that any of those similar compositions were ever copied from other Fogerty works. Granting this motion

would also deter Fantasy from filing future copyright infringement actions against Fogerty.[1]

II.

ARGUMENT

A. THIS COURT, IN ITS DISCRETION, SHOULD AWARD TO DEFENDANTS THEIR FULL COSTS, INCLUDING REASONABLE ATTORNEYS' FEES, INCURRED IN THE DEFENSE OF THIS ACTION IF THIS COURT BELIEVES THAT THIS ACTION WAS EITHER FRIVOLOUS OR WAS FILED AND PROSECUTED IN BAD FAITH BY FANTASY.

The Copyright Act grants this Court discretion to award to defendants, as prevailing parties, their full costs, including reasonable attorneys' fees, incurred in defending the copyright claim.

> "In any civil action under [the Copyright Act], the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the Court may also award a reasonable attorneys' fees to the prevailing party as part of the costs." 17 U.S.C. §505.

---

[1] Filed concurrently herewith are declarations of Kenneth I. Sidle ("Sidle Decl. ¶___") and Vincent H. Chieffo ("Chieffo Decl. ¶___"), setting forth the costs and legal fees incurred by defendants in this action and establishing the reasonableness of those attorneys' fees. References to the Trial Transcript will be referred to as "T.T. ___." Copies of the referenced portions of the transcript are attached to the Chieffo Declaration. Concurrently with this Motion, a Memorandum of Costs is being filed pursuant to Local Rule 265. The costs included in that memoranda are also included in the schedules attached to the Sidle and Chieffo Declarations.

In the Ninth Circuit, the Court has discretion to award full costs, and reasonable attorneys' fees, pursuant to §505 if it finds that the action was frivolous or instituted and prosecuted in bad faith. *Olsen v. National Broadcasting Company, Inc.*, 855 F.2d 1446, 1454 (9th Cir. 1988); *Del Madera Property v. Rhodes & Gardner*, 820 F.2d 973, 980 (9th Cir. 1987); *Cooling Systems & Flexibles v. Stuart Radiator*, 777 F.2d 485, 493 (9th Cir. 1985); *Jartech, Inc. v. Clancy*, 666 F.2d 403, 407 (9th Cir. 1982). Such an award "represents a penalty for the institution of a frivolous or bad faith suit." *Jartech, Inc., supra*, 666 F.2d at 407. In addition to punishment an award of full costs and reasonable attorneys' fees to prevailing defendants also serves to deter the losing plaintiff, and others, from attempting to abuse the copyright laws, and the federal judicial system, by prosecuting bad faith or frivolous actions.

A copyright claim need not be dismissed before trial in order for it to be either frivolous or prosecuted in bad faith. In *Cooling Systems & Flexibles, supra*, 777 F.2d at 487, the Ninth Circuit had previously reversed a grant of summary judgment in favor of the defendant and remanded the matter for trial on the factual issues of infringement and damages. *Cooling Systems & Flexibles, Inc. v. Stuart Radiators, Inc.*, 711 F.2d 1062 (9th Cir. 1983) (mem.). On remand, the trial court granted a verdict for defendants after plaintiff rested its case at trial. 777 F.2d at 487. The trial court also awarded full costs and reasonable attorneys' fees to the prevailing defendant, although

it did not make any express finding that the action was either frivolous or brought in bad faith. The Ninth Circuit affirmed the award of attorneys' fees for the defendants, noting that the record demonstrated "sufficient indicia of bad faith and frivolity to justify the district court's holding." 777 F.2d at 493. As an example of such indicia, the Ninth Circuit pointed out the plaintiff's argument made "to bolster its substantial similarity claim" that the defendant could have avoided similarity to the plaintiff's allegedly infringed catalog by arranging the defendant's catalog "in a wide variety of very impractical ways" which "would have made the catalogs virtually useless." *Id.*

In addition to impractical arguments, at least one court has also found that the failure to make any reasonable settlement offers during the pendency of the litigation is also indicia of bad faith. *Goldman-Morgen Inc. v. Dan Brechner & Co., Inc.*, 411 F.Supp. 382, 391 (S.D.N.Y. 1976).

B. THERE IS SUBSTANTIAL EVIDENCE THAT THIS ACTION WAS BROUGHT AND PROSECUTED BY FANTASY AND SAUL ZAENTZ IN BAD FAITH, AND THAT THE CLAIM OF COPYING AGAINST FOGERTY WAS FRIVOLOUS.

As all parties have previously noted, this action is one of only six cases where an author's new work is

alleged to have infringed one of his own prior works.[2] To the best of plaintiff's knowledge, this is the only jury trial of any such copyright infringement claim. The only other music infringement claim involving the same author discovered by either plaintiff or defendants in this case is *Nom Music, Inc. v. Kaslin*, 227 F.Supp. 922 (S.D.N.Y. 1964), *aff'd* 343 F.2d 198 (2nd Cir. 1965). In *Nom Music*, however, the trial court found copying based upon the virtually identical words and music in both compositions which were both co-written by one of the defendants. 227 F.Supp. at 926-927. The real defense in the case was one of a technical nature by which defendant claimed plaintiff had lost copyright protection for the first song as a result of a failure to properly publish the work with a correct notice of copyright. 343 F.2d at 199. On appeal, the Second Circuit did not even discuss the questions of copying and of substantial similarity.

This is the only known case where the plaintiff claims to own the copyrights to many prior, separately copyrighted, works of the defendant composer and where the plaintiff had a long relationship with the defendant.[3]

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[2] *Franklin Mint Corp. v. National Wildlife Art Exchange*, 575 F.2d 62 (3rd Cir. 1978); *Nom Music. Inc. v. Kaslin*, 343 F.2d 198 (2nd Cir. 1965), *aff'd* 227 F.Supp. 922 (S.D.N.Y. 1964); *Esquire. Inc. v. Vargas Enterprises*, 81 F.Supp. 306 (N.D. Ill. 1948), *aff'd in relevant part, rev'd in part*, 185 F.2d 14 (7th Cir. 1950); *Warner Bros. Pictures v. Columbia Broadcasting System*, 102 F.Supp. 141 (S.D. Cal. 1951), *rev'd and aff'd in part*, 215 F.2d 145 (9th Cir. 1954); *Gross v. Seligman*, 212 F. 930 (2nd Cir. 1914).

[3] Fogerty has asserted a termination and rescission claim against Fantasy, seeking to recover ownership of his compositions. That claim has been asserted in this action and is the subject of concurrently filed motions. The argument in this por-

Fantasy has intimate knowledge of Fogerty's creativity, having served as Fogerty's music publisher and record company during the highly successful Creedence Clearwater Revival years. In short, neither Fantasy, nor its owner, Zaentz, are strangers to Fogerty and Fogerty's ability to create, independently, similar songs in the "swamp blues" and other genres favored by Fogerty.

In evaluating whether claims made by Fantasy in this case are either in bad faith or frivolous, it must always be kept in mind that Fantasy, and Zaentz, have this previous relationship and intimate knowledge of Fogerty's extraordinary abilities as a songwriter. Before this case, Fantasy and Zaentz never claimed that any Fogerty composition was copied, or derived, from any Fogerty prior work.

In light of this history, the grounds for making an award of full costs and reasonable attorneys' fees are compelling in this case. The Ninth Circuit standard for awarding such fees is well met by (1) Fantasy and Saul Zaentz's bad faith motive in prosecuting this lawsuit to punish Fogerty; (2) Fantasy's assertions of frivolous arguments and legal positions in its failed efforts to bolster its claims of substantial similarity and copying; (3) Fantasy's assertion of a claim of copying by Fogerty which claim is directly contrary to prior legal positions taken by Fantasy with respect to similarities among Fogerty's musical compositions; and (4) Fantasy's absurd and frivolous settlement proposal made during the litigation. In addition, an

---

tion of the brief is without waiver of Fogerty's legal position that since he was elected to rescind and terminate the publishing agreements with Fantasy, Fantasy no longer owns the copyrights to Fogerty's prior works.

award of fees and costs to Fogerty and the Warner defendants is necessary to deter Fantasy from abusing its claimed ownership of the United States copyrights to numerous Fogerty musical compositions by filing any subsequent copyright infringement claims regarding new Fogerty compositions.

1. Zaentz's Bad Faith Motive To Prosecute This Action.

Saul Zaentz admitted that he holds great personal animosity against John Fogerty.

> "SIDLE: In fact, you have quite a personal vendetta going against John?
>
> ZAENTZ: It's an answer to a vendetta. It is a lot different than having a personal vendetta.
>
> SIDLE: In other words, you think John started this; is that what you are saying?
>
> ZAENTZ: Yes." T.T. 8-908:11-17.

The basis for Zaentz's personal animosity against Fogerty is Fogerty's belief, (a) that Saul Zaentz refused to fulfill an early promise made to Fogerty that if Creedence Clearwater Revival was successful, then Zaentz would "tear up the contract" and the group would be paid a fair share of the pie created by the group's success and (b) that Fogerty's loss of approximately $4,000,000 in an offshore tax scheme was caused by Saul Zaentz's recommendation to Fogerty that he enter into such scheme because its net economic effect would be the same as if Zaentz granted the royalty increase he had promised. Fogerty

sued Zaentz to recover his lost life savings. T.T. 8-908:23-8:909:5.

The lawsuit against Zaentz was dismissed on statute of limitation grounds. The case proceeded to trial against another defendant and resulted in a jury award of $8.6 million for Fogerty and the band. (T.T. 7-767:15 – 7-768:20.) Subsequently, Zaentz filed a malicious prosecution against not only Fogerty, but also Mr. Sidle. That action has been dismissed upon the grant of defendants' motion for summary judgment. In addition, Zaentz has sued Fogerty in Los Angeles, claiming Fogerty defamed Zaentz in two different compositions on the "CENTERFIELD" album and in numerous interviews. That action is still pending. (T.T. 8-910:2-24.)

Saul Zaentz has an intense, personal dislike of Mr. Fogerty and the wherewithal to prosecute numerous claims against Fogerty. At the merest pretext, Zaentz has, and will in the future, seek to vex and harass Fogerty by abusing the court system and bringing more frivolous actions against Fogerty unless deterred from doing so.

2. Fantasy's Assertions of Frivolous Arguments To Bolster Claims Of Substantial Similarity And Copying.

The bad faith and frivolous nature of this litigation is also exemplified by the numerous, weak and absurd arguments presented by Fantasy to bolster its claims of substantial similarity and of copying. These arguments go far beyond what the Ninth Circuit found to be indicia of bad faith and frivolous claims supporting an award of

attorneys' fees in *Cooling Systems & Flexibles, supra,* 777 F.2d at 493.

Fantasy persisted in its absurd arguments that the song writer's warranty granted by Fogerty in his original contract with Fantasy prevented Fogerty from presenting evidence of prior art to, demonstrate that any similarities between "OLD MAN" and "JUNGLE" arose from Fogerty's continued use of his own "swamp blues" style and of common compositional elements. This argument was presented to the Court before trial in an In Limine Motion seeking to prohibit the introduction of any prior art evidence by Fogerty. Although the motion was denied, plaintiff continued to press this absurd argument. All of plaintiff's tortured interpretation of the warranty granted by Fogerty was, at best, a dubious breach of contract claim not at issue at this copyright infringement trial.

Plaintiff also argued that Fogerty did not have the ability to independently create "OLD MAN" and that Fogerty must have copied "JUNGLE." Fantasy's expert, Earl Spielman, testified on numerous occasions that it was his opinion that Fogerty "must have copied." (T.T. 2-134:3-18; 2-143:10-13; 2-145:23 – 2-146:25; 9-970:7-9.) Plaintiff's other expert, Tanner, also seemed to express the opinion at trial that Fogerty must have copied, although at deposition, he admitted that he had "no way of knowing that." (T.T. 2-78:2-12; 2-58:4-9.)

Fantasy and its experts also argued throughout the trial that there "must have been copying" because "OLD MAN" is more like "JUNGLE" than any other Fogerty composition. (T.T. 2-132:16-19; 3-210:3-8.) Even assuming this to be a correct statement of fact, it is meaningless

because whenever one makes a comparison of one song to a group of songs, two of them will be the most alike.

Equally absurd was the argument presented by Fantasy by Mr. Rudman's cross-examination of Mr. Barlow, by Dr. Spielman in Fantasy's rebuttal presentation, and by Mr. Rudman in his closing argument, and which was based upon evidence of several compositions that were admitted copies of each other, but which had significant differences. The Court will recall the lengthy playing of "76 Trombones" and "Goodnight My Someone" from the Broadway show, "Music Man," the versions of "Proud Mary," performed by Tina Turner and by Fogerty, and the versions of "Wang Dang Doodle" by Howlin' Wolf and Koko Taylor. (T.T. 4-378:20 – 4-380:1; 8-927:5 – 8-929:13; 8-936:24 – 8-938.) Plaintiff then argued that because the admitted copies were allegedly more different from each other than "OLD MAN" was from "JUNGLE," then Fogerty must have copied "JUNGLE" when writing "OLD MAN." (T.T. 9-961:2 – 9-962:14; 9-978:20; 10-1058:20 – 10-1059:5.)

3. Fantasy's Bad Faith Reversal Of Its Prior Position That Fogerty's Earlier Works Were Independently Created.

Perhaps the strongest indicia of Fantasy's bad faith in prosecuting this frivolous lawsuit is the fact that Fantasy's basic claim that Fogerty "must have copied" is contradicted by Fantasy's legal positions taken during the years that Fogerty was under exclusive songwriting contract to Fantasy. The central issue in this case was whether any similarities found between "OLD MAN"

and "JUNGLE" were the result of copying by Fogerty or were the result of Fogerty's independent creation of "OLD MAN" using the same common compositional devices and the same Fogerty style as he used previously in composing "JUNGLE" and other songs in his "swamp blues" genre. Throughout the trial, Fantasy and its expert witnesses argued that the similarities were substantial and must have resulted from copying. Fantasy and its experts claimed that it was impossible for such similarities to result from independent creation by Fogerty. See *supra*, at p. 9.

Fantasy further argued during trial, and emphasized in closing argument, that "OLD MAN" must be a "derivative work" of "JUNGLE." (T.T. 10-1058:20 – 10-1059:5; 10-1142:6-11; 10-1143:9 – 10-1144:14.) A derivative work is "a work which incorporates and substantially copies the protectable features of the copyrighted work, together with new or different features, into an adaption of the original work." (Jury Instruction No. 19.) The Ninth Circuit has deemed "frivolous" any argument that a "derivative work" is anything other than an "infringing copy." *Lichtfield v. Spielberg*, 736 F.2d 1352, 1357 (9th Cir. 1984).

Prior to bringing this action, however, Fantasy had always taken the opposite legal position. Despite similarities between Fogerty songs in the "swamp blues" genre, those songs were each separately copyrighted by Fantasy as independently created works and not as derivative works which were copied from earlier Fogerty compositions. Mr. Barlow testified on cross-examination that if a work is in fact a derivative work, but the copyright is registered as an independently created work, then a fraud upon the public has been committed. (T.T. 4-339:11-15.)

Under the copyright law then and now in effect, the copyright registration must specify that a work is a derivative work and the copyright will not extend the term of copyright protection for the material copied from the earlier work. 17 U.S.C. §§ 101, 102(b), 409(9); former § 7, 1909 Copyright Act. Under the current Act, a false copyright filing is a criminal offense. 17 U.S.C. § 506(e).

Before this action, Fantasy never claimed that any Fogerty song was copied from other Fogerty song and never registered any of the Fogerty compositions as derivative copyrights. Fantasy was correct in this. As Barlow testified, Fogerty's "swamp blues" songs were independently created and were not derivative works, although they did use the same musical ingredients. (T.T. 4-339:5 – 4-340:16.)

Fantasy's claim in this case is a complete reversal of its prior position. To support its new claims about Fogerty's creative powers, Fantasy went so far as to have its expert, Earl Spielman testify that not only was "OLD MAN" a copy of "JUNGLE," but that Fogerty had copied himself before. Spielman observed that Fogerty's compositions "KEEP ON CHOOGLIN' " and "BOOTLEG" had six out of eight identical measures in their choruses and that such similarity "is an example, if not necessarily of deliberate copying, but it certainly is an example of how the same melodic line used in the same way in two different songs has already occurred in Mr. Fogerty's early works." (T.T. 8-934:20-23.) Spielman's testimony directly contradicts the legal position taken by Fantasy during the 19 years since these two works were registered for copyright as independently created.

There was never a question that Fogerty's "swamp blues" compositions have many similarities. Dr. Spielman testified regarding the similarities among "GREEN RIVER," "KEEP ON CHOOGLIN'," "OLD MAN" and "JUNGLE." (T.T. 8-941:6-18, 8-943:18-8:944:5.) Harold Barlow testified regarding the similarities among "GREEN RIVER," "BOOTLEG," "OLD MAN" and "JUNGLE." (T.T. 3-260 – 3-286.) Dr. Eskelin testified regarding his findings based upon his stylistic analysis of Fogerty's work which identified numerous musical similarities among Fogerty's compositions, both within and without the swamp music genre. (T.T. 5-476 – 5-493.)

Fantasy has intimate knowledge of, and previously completely accepted, the independent creation by John Fogerty of many musical compositions with similar, and with respect to "KEEP ON CHOOGLIN' " and "BOOTLEG" identical, melodic lines. It was not until Fogerty was no longer subject to the exclusive songwriting contract with Fantasy and not until Saul Zaentz decided to punish Fogerty by launching Zaentz's campaign of litigation, that Fantasy ever suggested that Fogerty did not independently create each of his musical compositions.

Fantasy can have no good faith justification or explanation for this reversal in its position **vis-a-vis** Fogerty's creative abilities. It is obviously part of Zaentz's bad faith vendetta against Fogerty.

4. Bad Faith Settlement Proposal.

Further evidence that this litigation was brought in bad faith to punish Fogerty is found in Fantasy's failure

to ever make an effort to settle on any realistic basis. In September of 1986, Fantasy made the absurd proposal that it would settle this action if Fogerty would pay $1,800,000 to Fantasy. (Chieffo Declaration, ¶ 9, Exh. C.) This proposal was made before Fantasy substantially increased its claimed recovery by asserting the right to recover the foreign profits of Warner companies that were not parties to this litigation.

5. There Is A Need To Deter Fantasy From Abusing The Copyrights Through Future Claims.

All of the foregoing evidence of bad faith and the frivolous nature of this action is sufficient to justify an award of attorneys' fees as a punishment. Equally important to punishing Fantasy for bringing this action is the need to deter Fantasy and Saul Zaentz from bringing another one.

As long as Zaentz and Fantasy continue to control the copyrights of Fogerty's songs, they have a loaded gun which can be pointed at Fogerty at any time. As Fogerty continues his songwriting and performing career, he will invariably write new, independently created works in his "swamp blues" genre or his other styles. These new songs will have musical similarities to his earlier works. At any time, Zaentz and Fantasy may assert another ridiculous copyright infringement claim. Fogerty cannot deny access, and, if there is merely enough similarity to cause the issue to go to a jury trial (a minimum standard at best), then Fogerty would once again be put through the expense and harassment he has suffered in this case.

Fogerty must be protected against the clear risk that Zaentz and Fantasy will again abuse the copyright laws. The award to Fogerty of his costs and legal fees incurred in defending this frivolous claim will make it clear to Fantasy and Zaentz that the cost of harassing Fogerty will far exceed any personal satisfaction derived by Mr. Zaentz from such outrageous behavior.

This Court has heard and seen Saul Zaentz. The concern that he will bring another copyright infringement case is not an idle one. Fogerty deserves to be protected.

The award of full costs, including reasonable attorneys' fees, to defendants is well within this Court's discretion.

C. THE ATTORNEYS' FEES SOUGHT BY DEFENDANTS ARE REASONABLE.

This Court recently interpreted the meaning of "reasonable attorney's fees" in the context of a motion for an award of legal costs and attorneys' fees brought pursuant to federal statute.

In *Seven Gables Corp. v. Sterling Rec. Organization*, 686 F.Supp. 1418 (1988), an antitrust action, this Court granted plaintiff an award of attorneys' fees in the amount of $2,931,061.38. Plaintiff's motion was brought pursuant to Section 4 of the Clayton Act, 15 U.S.C. § 15(a), which provides that the court may award an injured party in an antitrust action "the cost of suit, including a reasonable attorney's fee." This is the same standard that applies to an award of costs and attorney's

fees under § 505 of the Copyright Act, except that § 505 allows an award of full costs.

In determining the amount of a reasonable attorney's fee the Court in *Seven Gables* was guided by the Ninth Circuit's decision in *Kerr v. Screen Extras Guild, Inc.* 526 F.2d 67 (9th Cir 1975) *cert. denied,* 425 U.S. 951, 966 S.Ct. 1726, (1976) (LMRDA claim, 29 U.S.C. § 901 *et. seq.*), where a twelve-factor test was adopted to determine the reasonableness of an attorney's fee award. *See also Laborers Clean-Up Contract v. Uriarte Clean-Up Ser.* 736 F.2d 516, 525 (9th Cir 1984) [ERISA claim, 29 U.S.C. § 1332(e)]. These factors or guidelines are,

> "(1) The time and labor required, (2) the novelty and difficulty of the questions involved, (3) the skill requisite to perform the legal service properly, (4) the preclusion of other employment by the attorney due to acceptance of the case, (5) the customary fee, (6) whether the fee is fixed or contingent, (7) time limitations imposed by the client or the circumstances, (8) the amount involved and the results obtained, (9) the experience, reputation, and ability of the attorneys, (10) the "undesirability" of the case, (11) the nature and length of the professional relationship with the client, and (12) awards in similar cases."

Under the *Kerr* factors applicable to this request for reasonable attorneys' fees, the amount requested on behalf of Fogerty, and on behalf of the Warner defendants, are appropriate.

1. The Time And Labor Required.

Extensive time and labor has been required in defending this action on behalf of both Fogerty and on behalf of all of the Warner defendants since its initiation in July of 1985. This action was not bifurcated until immediately before trial in October, 1988. While the trial only on the issue of infringement by Fogerty took two weeks, the defendants were required to take discovery and to be prepared to go to trial on all of the other issues, including extensive issues as to liability for some of the Warner defendants and extensive questions as to the calculation and recoverability of profits of Fogerty and of the Warner defendants. A trial on all of the disputed issues in this case would, most likely, have consumed at least two to three more weeks of court time.

Extensive discovery was conducted by plaintiff in this case. Fantasy took many days of deposition. Fantasy took the deposition of 12 individuals, including 8 individuals employed by various Warner companies and served multiple sets of interrogatories, requests for admissions and requests to produce to all parties.

Fantasy filed numerous motions, including a motion to dismiss and strike Fogerty's counterclaims, and the motion for summary judgment on the ultimate issue of copyright infringement, and on subsidiary infringement-related issues. Fogerty and Warner filed two summary judgment motions as well, going to Fogerty's status as a beneficial owner of the "JUNGLE" copyright and the disputed issues as to Fantasy's ownership of the copyright to "JUNGLE."

The matter was also initially scheduled for a full trial in September, 1986, which necessitated expedited preparation by defendants of the matter for trial when the stipulated motion for continuance was denied and until the parties were notified at the Pre-Trial Conference that the matter would be continued.

2. The Novelty And Difficulty Of The Questions Involved.

As this Court is aware, the copyright laws, and issues of infringement, are not within the normal purview of general legal practitioners and require a substantial amount of specialization. While the issue of infringement of one song by another is not necessarily novel, nor difficult, this case was novel in that it presented these issues in the context of the defendant who composed both works, and a plaintiff which was the defendant composer's former publishing and record company. Moreover, and while not required to be brought to trial, this case did present novel and difficult legal and factual questions involving Fantasy's claim to be entitled to recover the profits not only of the named defendants, but also of subsidiaries of some of the Warner defendants who were beyond the jurisdictional reach of this Court and whose profits were made, and retained, in countries outside of the United States. Counsel for Warner was required to prepare and analyze these difficult issues. Fantasy brought a summary judgment motion seeking an order determining such foreign, extraterritorial profits to be recoverable if infringement were found, and this Court denied that motion, based upon defendants' opposition.

3. The Skill Requisite To Perform The Legal Services Properly.

Copyright law is a narrow area of specialization. Defendants' lead counsel have extensive experience in practicing copyright law and in litigating to jury verdict copyright and copyright-related issues.

4. The Preclusion Of Other Employment.

It is obvious, given the extensive time necessarily spent in the defense of Fantasy's claims, that counsel for both Fogerty and for the Warner defendants were precluded from accepting other possible employment matters during the litigation of this action.

5. The Customary Fees.

The customary fees charged and received by the attorneys who have worked in this matter are set forth in the Declarations of Sidle and Chieffo. Those fees are customary and normal in the Los Angeles community for attorneys of comparable knowledge, skill and experience.

6. Whether The Fee Is Fixed Or Contingent.

This factor is not particularly relevant in the instant case. The fees to Fogerty and Warner were fixed and not contingent.

7. Time Limitations Imposed By The Client Or The Circumstances.

There are no time limitations imposed by either Fogerty or the Warner defendants. However, as pointed out

above, the circumstances did impose certain time limitations. This was most particularly true in the Fall of 1986, when the case was required to be readied for trial until a continuance was ordered shortly before the scheduled trial date, and after a stipulated motion for continuance had been denied.

8. The Amount Involved And The Results Obtained.

The results obtained was an obvious, and complete, victory for the defense. After a two week jury trial, the jury deliberated for approximately 2-1/2 hours and quickly returned a defense verdict. The amounts involved in this case were not litigated as a result of the bifurcation. Plaintiff, however, claimed that it was entitled to recover the profits earned by Fogerty and all of the Warner defendants, as well as the foreign profits earned and retained in foreign countries by subsidiaries of some of the Warner defendants. These profits claimed by plaintiff were not limited merely to the sale of "OLD MAN" in single form, but also included a claim for a substantial portion, in excess of 50%, of the profits earned from the entire "CENTERFIELD" album. Those profits, on a cumulative basis for all defendants, as calculated by plaintiffs, would have exceed $5,000,000. Fantasy made only one settlement demand in this action, and that was for the payment of $1,800,000 for a dismissal of the copyright infringement claims.

The potential amounts involved, needless to say, were quite substantial.

9. The Experience, Reputation And Ability Of The Attorneys.

As set forth in the Declarations of Sidle and Chieffo, the experience, reputation and abilities of the attorneys who worked on the defense of this action are considerable. That experience and reputation is not only in litigated matters, but also in copyright and copyright-related matters.

10. The Undesirability Of The Case.

This factor has no application in the present motion.

11. The Nature And Length Of The Professional Relationship With The Client.

Sidle has represented Fogerty since 1978. Sidle was the lead counsel in the prosecution of Fogerty's claim to recover his life savings lost in the Bahamian Castle Bank, offshore tax scheme recommended by Saul Zaentz, which was successfully tried and recovered an $8.6 million jury verdict for Fogerty and the three other members of the Creedence Clearwater Revival band. Chieffo has represented Warner Bros. Records and other companies in the Warner Communications Inc. family since 1974. The firm of Rudin and Appel have long-standing and close ties to Warner Communications. Mickey Rudin, as attorney for Frank Sinatra, was instrumental in the creation of Reprise Record Company which, after being acquired by Warner Bros. Inc., has become Warner Bros. Records, Inc.

12. Awards In Similar Cases.

Awards in other copyright cases have varied. A collection of cases awarding fees to plaintiffs and to defendants are set forth in Nimmer's copyright treatise, 3 Nimmer, *Nimmer On Copyright*, § 14.10[C] nn.19 and 20. What the reasonable attorneys' fees are in one case may not be indicative of what is reasonable in another because the issues and the other factors set forth above will vary. It is instructive to note, however, that in *Universal City Studios, Inc. v. Nintendo Co., Ltd.*, 615 F.Supp. 838 (S.D.N.Y. 1985), *aff'd* 797 F.2d 70 (2nd Cir.), *cert. denied*, 107 S.Ct. 578 (1986), the court awarded $83,525 in attorneys' fees to defendants and, also, an additional $1,142,545 as punitive damages on the tort counterclaim which sum the court noted was equal to the attorneys' fees incurred by the defendant in defending plaintiff's bad faith copyright claim.

Other cases have also awarded substantial attorneys' fees. *Original Appalachian Artworks, Inc. v. McCall Pattern Co.*, 825 F.2d 355 (11th Cir. 1987) ($100,000); *Transgo Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001 (9th Cir. 1985) ($250,000); *Calloway v. Marvel Entertainment Group*, 111 F.R.D. 637 647-51 (S.D.N.Y. 1986) (reasonable attorneys' fees of $233,000 awarded where actual attorneys' fees totalled $900,000); *Williams Electronics, Inc. v. Bally Mfg. Corp.*, 1983 Copyright Law Decisions (CCH), ¶ 25,582 (N.D. Ill. 1983) (awarded $93,000).

An analysis of the foregoing *Kerr* factors indicates that the actual legal fees incurred by Fogerty and by the Warner defendants in defending themselves against Fantasy's bad faith and frivolous claims is an appropriate,

and reasonable, attorneys' fee which should be paid to defendants by Fantasy.

As set forth in the Declarations of Chieffo and Sidle, total legal fees have been incurred by the Warner defendants of $197,462 and total legal fees have been incurred by Fogerty of $735,335. These are the actual fees these defendants have incurred in defending themselves in this action brought by Fantasy. All of those fees were necessarily incurred in the defense of this action. What portion of that total amount for each defendant should be awarded as reasonable attorneys' fees under the Copyright Act is left, by the statute and case law, to this Court's discretion.

Fogerty's and Warner's costs are also reasonable and were necessarily incurred to defend this action.[4] These costs are set forth in the declarations of Sidle and Chieffo.

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[4] In *Seven Gables*, the court limited the recovery of costs to those allowable under 28 U.S.C. § 1920 and Fed. Rule Civ. Proc. 54(d) pursuant to *Twentieth Century Fox Film Corp. v. Goldwyn*, 328 F.2d 190,224 (9th Cir. 1964), cert. denied, 379 U.S. 880, 85 S.Ct. 143, 13 L.E.2d 87 (1964). In *Twentieth Century*, the court stated that the term "the cost of suit" used in 15 U.S.C. § 15 did not extend beyond those costs normally allowable pursuant to 28 U.S.C. § 1920 and Fed Rule Civ Proc 54(d). The copyright statute, 17 U.S.C. § 505 allows for the recovery of "full costs". There is no rationale for a limitation of costs as there is in the Clayton Act cases. Further, courts have even allowed double the cost incurred to be awarded against a plaintiff who brought an action under the Copyright Act. See *e.g. Simon & Flynn, Inc. v. Time Incorporated*, 513 F.2d 832 (2nd Cir 1975). *See also*, 3 M. Nimmer, Nimmer On Copyright § 14.09.

III.

SUMMARY

For the foregoing reasons, defendants request that this Court enter its order awarding to them their full costs, including an amount equal to their reasonable attorneys' fees, incurred in the successful defense of Fantasy's bad faith and frivolous copyright claim.

Dated: November 22, 1988

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Vincent H. Chieffo

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Milton A. Rudin
Joseph L. Golden

By: /s/ Vincent H. Chieffo
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[Certificate Of Service Omitted In Printing]

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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

FANTASY, INC., Plaintiff, vs. JOHN C. FOGERTY, WENAHA MUSIC CO., WARNER BROS. RECORDS, INC., WEA INTERNATIONAL, INC., Defendants. AND RELATED CROSS-ACTIONS.	CASE NO. C-85-4929-SC NOTICE OF ERRATA TO DEFENDANTS' MOTION FOR FULL COSTS INCLUDING ATTORNEYS' FEES Date: January 6, 1989 Time: 10:00 a.m. Courtroom: One (Filed Dec. 12, 1988)

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD HEREIN:

PLEASE TAKE NOTICE that defendants John C. Fogerty, et al., ("Defendants") are correcting the errors set forth below in Fogerty's Memorandum of Points and

Authorities in Support of its Motion for Full Costs Including Reasonable Attorneys' Fees, filed with the Court and served on plaintiff on November 22, 1988, as follows:

1. Table of Authorities, page iii, line 5, change "711 F. 2d 1062" to "777 F. 2d 485".

2. Table of Authorities, page iii, line 8, change "Esquire, Inc. v. Vargas Enterprises" to *"Esquire, Inc. v. Varga Enterprises"*.

3. Table of Authorities, page iii, line 22, change *"Lichtfield v. Spielberg"* to *"Litchfield v. Spielberg"*.

4. Table of Authorities, page iii, line 25, change *"Olsen v. National Broadcasting Company, Inc."* to *"Olson v. National Broadcasting Company, Inc."*

5. Table of Authorities, page iv, line 6, change "(1988)" to "(W.D. Wash. 1988)."

6. Table of Authorities, page iv, line 9, change *."Transgo Inc. v. Ajac Transmission Parts Corp."* to *"Transgo-Inc. v. Ajac Transmission Parts Corp."*

7. Table of Authorities, page iv, line 17, change "215 F. 2d 145 (1954)" to "216 F. 2d 945 (1954)," and add "cert. den., 348 U.S. 971, 75 S.Ct. 532 (1955)".

8. Table of Authorities, page iv, line 24, change "17 USC Section 505, pages 1, 3, 15, 22" to "17 USC Section 505, pages 1, 2, 3, 15, 22."

9. Table of Authorities, page v, line 11, change "Nimmer on Copyright" to *"Nimmer on Copyright"*.

10. Page 1, line 10, insert "to" between "entitled" and "an".

11. Page 2, line 21, change "attorneys' " to "attorney's".

12. Page 4, line 26, change "Vargas" to "Varga".

13. Page 11, line 9, change *"Lichtfield"* to "Litchfield".

14. Page 11, line 26, insert "any" between "from" and "other".

15. Page 12, line 4, change "an" to "a".

16. Page 13, line 8, change "suggest" to "suggested".

17. Page 15, line 8, change "(1988)" to "(W.D. Wash. 1988)".

18. Page 17, line 6, insert "documents" between "produced" and "to".

19. Page 20, line 4, delete "by."

20. Page 23, line 28, change "Nimmer on Copyright" to *"Nimmer on Copyright"*.

DATED: December 7, 1988

GIPSON, HOFFMAN &
PANCIONE
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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

FANTASY, INC., Plaintiff, v. JOHN C. FOGERTY, WENAHA MUSIC CO., WARNER BROS. RECORDS, INC., *et al.*, Defendants.	CASE NO. C 85 4929 SC DECLARATION OF NORMAN G. RUDMAN IN OPPOSITION TO MOTIONS FOR AWARD OF ATTORNEY'S FEES AND COSTS
JOHN C. FOGERTY, Counterclaimant, v. FANTASY, INC., Counterdefendant.	DATE: January 6, 1989 TIME: 10:00 A.M. COURTROOM: 1 (Filed Dec 22, 1988)

I, NORMAN G. RUDMAN, declare:

1. I am an attorney at law duly admitted to practice and practicing before all the courts of the State of California and am a member of the bar of this Court. I am a member of the law firm of Slaff, Mosk & Rudman, who are co-counsel to the Plaintiff in this action. All of the facts stated in this Declaration are stated on my own knowledge, and, if sworn as a witness herein, I could testify competently thereto.

2. Before pleading the copyright infringement Complaint in this action, I, on behalf of Fantasy, took steps to attempt to assure that the action was well founded. The first of those steps was to engage the services of a musicologist. I contacted Dr. Paul Tanner, who had been consulted as a musicologist in 1972, when an action had been brought in the Federal Court in Los Angeles, claiming that a song by John Fogerty entitled "TRAVELIN' BAND" (published by Jondora Music, a Fantasy tradename) infringed the copyright of a song entitled "GOOD GOLLY MISS MOLLY". In 1972, Dr. Tanner had been a professor of music at UCLA, but had since retired.

3. I furnished Dr. Tanner with the materials we then had with respect to the two songs, that is, the recording of "RUN THROUGH THE JUNGLE" as performed on the Creedence Clearwater Revival album entitled "Cosmos Factory" and "THE OLD MAN DOWN THE ROAD" as performed on the record album entitled "Centerfield". I also furnished him a copy of the lead sheet of "RUN THROUGH THE JUNGLE" as filed with the Copyright Office in 1970. Thereafter, Dr. Tanner advised me that he found the songs to be substantially similar musically and,

after discussing his findings with him specifically, I prepared a declaration expressing those findings, which he executed on February 8, 1985. A copy of that Declaration is attached hereto as Exhibit A. Thereafter, the infringement action was filed. Dr. Tanner testified at deposition and trial and expressed the same opinion.

4. During the pendency of the litigation, I also consulted with Mr. David Megill who, though not used as an expert witness in this matter, has impressive qualifications as a musicologist. At my request, Mr. Megill also compared the music of the two songs and rendered his opinion that they are musically substantially similar.

5. Also during the pendency of the action, I consulted with Mr. Leonard Rosenman, a distinguished musicologist and composer, and who won an Academy Award in 1976 for best adaptation score in a motion picture. While Mr. Rosenman was not available to serve as an expert witness in this matter, he too, expressed the opinion to me that the music of the two songs in issue was substantially similar.

6. Prior to trial, I also consulted with Dr. Earl Spielman, a forensic musicologist who also expressed the opinion that the two songs are musically substantially similar and who testified on deposition and at trial.

7. In the preparation of the action for trial, I took the depositions of the Defendants' expert witnesses, Messrs. Harold Barlow and Gerald Eskelin. I also reviewed their reports, reflecting their opinions with respect to the issue of substantial similarity between the two songs.

(a) Mr. Barlow's report analyzed that "RUN THROUGH THE JUNGLE" was composed of 52 notes, and that "THE OLD MAN DOWN THE ROAD" had 36 notes in common with "RUN THROUGH THE JUNGLE", that is, the same notes in the same positions. On his disposition, Mr. Barlow expressed the opinion that the two songs were substantially similar "in quantity"; that in his opinion the "prior art" was what prevented them from also being substantially similar in quality; and that if the two songs were compared each to the other without reference to what Mr. Barlow characterized as "prior art" they were also substantially similar in quality. However, though Mr. Barlow referred to several Fogerty songs as "prior art", Mr. Fogerty in his deposition had denied resorting to them or any other songs in writing "OLD MAN".

(b) Mr. Eskelin's initial report listed "a number of characteristics in common" between the two songs, including

i) Folk-rock-blues style;

ii) A vocal line featuring a subtonic note on each phrase;

iii) A moderate tempo;

iv) An "instrumental" section;

v) An extended tonic-chord harmony;

vi) "Short-short-long" phrasing;

vii) A descending final phrase on tonic harmony; and

viii) A guitar figure which helps to unify the composition. (Eskelin Report, Part 1, p. 35.)

In Mr. Eskelin's opinion, as expressed in his report, those features in common did not imply copying because they were not unique to these two songs. On deposition, he testified that he regarded those characteristics in common as being of no significance because they were not unique to those songs (as he similarly testified at trial, RT 5-511). Mr. Eskelin's disregard of those common characteristics was thus based on an inappropriate standard of striking similarity rather than a standard of substantial similarity. (See RT 5-512.)

8. In his deposition in this action, Mr. Fogerty testified that there were no similarities between the melodies of the two songs that he was "aware of", and that as far as he was concerned the two songs were totally different from each other. (RT 1-25 and 26.) At trial, however, Mr. Fogerty testified differently, *viz*: that he believed that the melodies were similar to one another "in places" (RT 1-24).

I declare under penalty of the perjury laws of the State of California that the foregoing is true and correct.

Executed at Los Angeles, California, this 16th day of December, 1988.

/s/ Norman G. Rudman
NORMAN G. RUDMAN,
Declarant

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

FANTASY, INC., Plaintiff, vs. JOHN C. FOGERTY, WENAHA MUSIC CO., WARNER BROS. RECORDS, INC., WEA INTERNATIONAL, INC. Defendants. AND RELATED COUNTERCLAIMS	No. C 85 4929 SC (CW) DECLARATION OF ALBERT M. BENDICH IN OPPOSITION TO DEFENDANTS' MOTION FOR ATTORNEYS' FEES AND COSTS Date: January 6, 1989 Time: 10:00 A.M. Court: One (Filed Dec. 22, 1988)

Albert M. Bendich declares as follows:

1. I have been Vice-President and General Counsel of plaintiff Fantasy, Inc. since the inception of this litigation and am familiar with the facts thereof.

2. Sometime in January, 1985 I saw the article attached to this declaration as Exhibit 1. Specifically, I saw the quotations attributed to Stuart Cook, who was once a member of the group known as Creedence Clearwater Revival ("CCR"), concerning the song "The Old Man Down the Road" ("Old Man") written by defendant Fogerty. I discussed that article with Ralph Kaffel, President of Fantasy.

3. Also, in January 1985 Saul Zaentz, a director of Fantasy, came to me and to Ralph Kaffel, and stated that Doug Clifford, also a former member of CCR, had just visited him and they had listened to a copy Centerfield Album containing Old Man. Mr. Zaentz reported that Clifford had said, in effect, that Old man was a copy of the CCR song "Run Through the Jungle" ("Jungle"), and that "John can't write a hit song without ripping off Creedence."

4. Thereafter, Mr. Kaffel and I listened to the songs Old Man and Jungle. We discussed the matter and concluded that, the songs sounded alike to us. The issue was left in my hands as General Counsel of Fantasy to investige [sic] and to take whatever steps appeared appropriate. I then determined to get expert musicological and legal advice before I made any decisions. I thereupon contacted Norman Rudman and asked him to look into the matter.

5. Within a very short time I received Mr. Rudman's opinion and advice together with a copy of the report of Dr. Paul Tanner, concluding that Old Man was substantially similar to Jungle. Mr. Rudman advised me that a copyright action was indicated and I authorized him to

proceed. As Fantasy's General Counsel I thereupon, and without further discussion with any of the officers or directors of Fantasy, authorized Mr. Burnstein and Mr. Rudman to proceed to make a claim for copyright infringement. Specifically, I did not solicit the opinion of Mr. Zaentz as to this latter decision.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed at Berkeley, California this 21st day of December, 1988.

/s/ Albert M. Bendich
ALBERT M. BENDICH

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

FANTASY, INC., Plaintiff, vs. JOHN C. FOGERTY, WENAHA MUSIC CO., WARNER BROS. RECORDS, INC., WEA INTERNATIONAL, INC., WARNER COMMUNICATIONS, INC., WEA MANUFACTURING, INC., WEA CORPORATION, Defendants.	No. C 85 4929 SC PLAINTIFF'S MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO MOTION FOR AWARD OF ATTORNEYS' FEES AND COSTS Date: January 6, 1989 Time: 10:00 A.M. Court: One
AND RELATED COUNTERCLAIMS	

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INTRODUCTION

Contrary to the unfounded assertions of defendants, this litigation was neither frivolous nor prosecuted in bad faith. In fact, we believe that defendants file this motion for attorneys, fees with no real belief in its merits. Before the filing of the instant motion, for example, defendants's lawyer (Mr. Sidle) and plaintiff's counsel (Mr. Burnstein) had a conversation during which Mr. Sidle asked if plaintiff would pay defense attorneys, fees; plaintiff refused, stating that the law of this Circuit is to deny fees under facts similar to those of the case at bar. Burnstein Decl. ¶2. Thereafter, counsel for plaintiffs and defendants met to discuss resolution of all outstanding issues. In the course of that meeting, counsel for plaintiff advised Mr. Sidle that it was not conducive to such discussions for him to make such untenable demands as counsel fees. Twice, Mr. Sidle responded by saying, "That was just a settlement proposal." *Id.* ¶3. Such comment indicates the lack of seriousness with which that demand was, and is now, made, despite the rhetoric that pervades the defendants' moving papers.

THE FACTS

Fogerty wrote "Run Through the Jungle" ("Jungle") in 1970 when he was a member of the recording group Creedence Clearwater Revival (hereinafter "CCR"). CCR was made up of four musicians: Fogerty, his elder brother Tom Fogerty, Douglas Clifford, and Stuart Cook. CCR recorded Jungle. Fantasy currently owns the copyright thereto. *Fantasy v. Fogerty*, 664 F.Supp. 1345, 1349 (N.D.Cal. 1987).

In 1984, Fogerty wrote a song called "The Old Man Down the Road" (hereinafter "Old Man"). Old Man was released as a single record in early December 1984, and on the album "Centerfield" in January 1985. Very shortly after the album was released, Stuart Cook and Douglas Clifford (of CCR) were quoted in the Los Angeles Times, the San Francisco Chronicle, and/or other publications as stating that Old Man was, in essence, a copy of Jungle. Fantasy executives were aware of those quotes. *See* Declaration of Albert Bendich in Opposition to Motion for Attorneys Fees (hereinafter "Bendich Decl."), ¶2 and Exhibit 1; Declaration of Malcolm Burnstein in Opposition to Motion for Attorneys' Fees (hereinafter "Burnstein Decl."), ¶15.

At about the same time that the Cook interview appeared, Douglas Clifford met with Saul Zaentz, a director of Fantasy. They listened to Centerfield, including Old Man. Clifford said, in effect, that Jungle was similar to Old Man, and that "[Fogerty] couldn't write a hit song without ripping off Creedence." *See* Declaration of Saul Zaentz in Opposition to Motion for Attorneys' Fees (hereinafter "Zaentz Decl."), ¶2. At about the same time, Mr.

Clifford wrote a letter to the Chronicle accusing Mr. Fogerty of copying his earlier work. *See* Burnstein Decl. ¶15 and Exhibit 3. Mr. Clifford [sic] Both Cook and Clifford stand to be financially harmed if Fogerty successfully steals the material which he wrote and CCR recorded, for the CCR records still sell and the other members of the band receive royalties for each record sold. *See* Burnstein Decl. ¶4. Fantasy has an obligation to the other members of CCR, as well as its self interest, in protecting the integrity of the copyrights it owns.

After the Clifford visit, Mr. Zaentz consulted with Ralph Kaffel, President of Fantasy, and Albert Bendich, Vice President and General Counsel. Zaentz Decl. ¶3; Bendich Decl. ¶3; Declaration of Ralph Kaffel in Opposition to Motion for Attorneys' Fees (hereinafter "Kaffel Decl."), ¶2. Phil Jones, Fantasy's Executive Vice-President, who is very well versed in popular music also compared the songs and found them substantially similar. Kaffel Decl. ¶3. The matter was left in the hands of Mr. Bendich, General Counsel of Fantasy, for appropriate investigation and action. Bendich Decl. ¶4; Kaffel Decl. ¶4; Zaentz Decl. ¶3. He determined to obtain expert musicological and legal advice, and he did so. Bendich Decl. ¶¶4-5. Mr. Bendich consulted Mr. Rudman, who retained Dr. Paul Tanner, an independent musicologist, to do a comparison of the songs. Declaration of Norman G. Rudman in Opposition to Motion for Attorneys Fees (hereinafter "Rudman Decl."), ¶¶2-3. Dr. Tanner had previously been a witness *for* Fogerty in a copyright infringement suit. *Id.* at ¶2; 2 R.T. 71:20-72:6. Dr. Tanner rendered a report, a copy of which is attached to the Rudman Declaration. *Ibid.*; Rudman Decl. ¶3 and Exhibit A

thereto. A musician and musical scholar of many years experience (1 R.T. 76:20-85:13), Dr. Tanner concluded that the melodies of the two songs were substantially similar. Because access was never at issue – Fogerty having written both songs – once substantial similarity was established, copying was inferred and the burden shifted to defendants to prove independent creation. *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1018-19 (9th Cir. 1985), *cd* 474 U.S. 1059 (1986); Jury Instruction No.23.

Three other musicians and scholars also examined the compositions in question at Fantasy's request. After independent analysis, Dr. Earl Spielman and David Megill (both of whom appeared at the trial) concluded that the songs were substantially similar. Rudman Decl. ¶¶4, 6; Burnstein Decl. ¶5. Further, Leonard Rosenman, musical scholar and winner of an Academy Award for music, compared the songs for plaintiff's counsel and came to a similar conclusion. *Ibid*; Rudman Decl. ¶5.

The expert witnesses who testified for plaintiff did so with no objection from defendants as to qualifications and no voir dire on that issue. We therefore presume that defendants concede their qualifications. Each of Fantasy's experts testified that substantial similarity and copying existed. 2 R.T. 48:7-15, 78:2-22, 121:3-8, 134:3-18. Defendants therefore lack a legitimate basis for arguing that plaintiff's claim, or any aspect of it, was frivolous.

Further, defendants' experts were essentially split on the issue, with Mr. Barlow concluding that the songs were substantially similar, at least "in quantity", but Dr.

Eskelin concluding that there were no significant similarities. Rudman Decl. ¶7. Dr. Eskelin conceded, however, that, to the ear not as well trained as his, Jungle and Old Man "really [sound] like the same tune". 5 R.T. 544:21-545:5. Thus, even the testimony of the defense experts cannot be construed as evidence that the claim of substantial similarity was frivolous.

With respect to plaintiff's corporate "good faith", the following is clear: Long before suit was filed, two members of CCR, those who would presumably know Jungle better than anyone else, stated either publicly or to a Fantasy director (or both) that Old Man was copied from Jungle. A respected musical scholar, with no reason to have any hostility towards Mr. Fogerty, had similarly concluded that the songs were substantially the same and had so informed Fantasy. Fantasy's counsel thereupon wrote to Fogerty and Warner Bros. and made its claim for infringement. Burnstein Decl. ¶6. Neither Fogerty nor Warner Bros. responded to the letter from Fantasy's counsel. *Ibid*. Fantasy did not file its suit for several months, in order to allow defendants time to make a counter-argument to the infringement claim. *Ibid*. Yet neither defendant even bothered to investigate the validity of Fantasy's claim until long after suit was actually filed. (The defense experts testified that they had not been retained until 1986.)

We do not attempt to reargue here the merits of plaintiff's claim; but merely to demonstrate the lack of merit to any argument of bad faith or frivolity. If defendants had honestly believed that the infringement claim was frivolous, they could have filed a motion for summary judgment on the issue of similarity or copying.

They did not. Both defendants did, on the other hand, move for a directed verdict at the conclusion of the plaintiff's case. 3 R.T. 246:11-247:10. That motion was summarily denied on the basis that the issues were substantial enough to present jury questions. 3 R.T. 248:4-6. Obviously, therefore, plaintiff's case was not frivolous as a matter of law.

ARGUMENT

I. THERE IS NO EVIDENCE THAT THE INFRINGEMENT CLAIM WAS EITHER FRIVOLOUS OR BROUGHT IN BAD FAITH.

Attorney fee awards to prevailing defendants in a copyright action should be made circumspectly to avoid chilling a copyright holder's incentive to sue on colorable claims. *McCulloch v. Albert E. Price, Inc.*, 823 F.2d 316, 322-23 (9th Cir. 1987). Thus, the Court may award attorneys' fees to a prevailing defendant only upon a finding of bad faith or frivolity. *Olson v. NBC*, 855 F.2d 1446, 1454 (9th Cir. 1988); *Cooling Systems and Flexibles, Inc. v. Stuart Radiator, Inc.*, 777 F.2d 485, 493-94 (9th Cir. 1985).

An action is frivolous if the result is obvious or the arguments presented are wholly without merit. *Hustler Magazine, Inc. v. Moral Majority, Inc.*, 796 F.2d 1148, 1156 (9th Cir. 1986). However, even a weak argument on substantial similarity is sufficient to preclude a finding of frivolity. *See v. Durang*, 711 F.2d 141, 144 (9th Cir. 1983) (per curiam). Further, hindsight logic should not be employed in judging the merit of a plaintiff's claim. The Supreme Court has cautioned lower courts to "resist the

understandable temptation to engage in *post hoc* reasoning by concluding that, because a plaintiff did not ultimately prevail, [the] action must have been unreasonable and without foundation. This kind of hindsight logic would discourage all but the most airtight claims, for seldom can a prospective plaintiff be sure of ultimate success." *Christiansburg Garment Co. v. EEOC*, 434 U.S. 412, 421-22 (1978), *quoted in Roth v. Pritikin*, 787 F.2d 54, 58 (2d Cir. 1986). That caution is most important where the court is dealing with the "intrinsic test" of substantial similarity, for there the most subtle and complex distinctions must be made by the trier of fact. *Baxter v. MCA, Inc.*, 812 F.2d 421, 424 (9th Cir. 1987).

To establish bad faith, defendants would have to show either that Fantasy knowingly or recklessly asserted a frivolous claim or argument, *i.e.*, one entirely without color, or that Fantasy raised a meritorious claim for reasons of harassing an opponent or for some other improper purpose. *Estate of Blas through Chargualaf v. Winkler*, 792 F.2d 858, 860 (9th Cir. 1986) (bad faith showing required for 28 U.S.C. §1927); *Nemeroff v. Abelson*, 620 F.2d 339, 348 (2d Cir. 1980) (showing required for bad faith exception to the general American rule governing attorneys' fees), *aff'd after remand*, 704 F.2d 652 (2d Cir. 1983). Note, however, at least in the context on Rule 11, that "improper motives" for filing a lawsuit do not constitute bad faith or harassment where the complaint is well grounded in fact and warranted by existing law. *Zaldivar v. City of Los Angeles*, 780 F.2d 823, 832 (9th Cir. 1986).

Defendants contend that Fantasy and Saul Zaentz brought and prosecuted this action in bad faith. The bad

faith, they argue, is demonstrated by the motive of prosecuting the lawsuit to punish Fogerty, by the reversal of Fantasy's prior legal position that Fogerty's earlier works were independently created, and by a settlement proposal made in September 1986. Defendants also allege that the action was frivolous, in whole and in the context of certain arguments advanced at trial. Each of defendants' arguments lacks merit, both legal and factual. Nothing offered by defendants is sufficient to satisfy their burden of proving entitlement to fees.

A. Defendants' References to Zaentz's "Bad Faith" are a Red Herring and Untrue.

Defendants state, without equivocation, that "Saul Zaentz admitted that he holds great personal animosity against John Fogerty." Defendants' Memo at 7. Quoted and cited as authority for that startling statement are a few questions and answers in Mr. Sidle's cross-examination of Mr. Zaentz. 8 R.T. 908:11-17. But those questions and answers reveal *only* that Mr. Zaentz was the victim of a personal vendetta against him by Fogerty, they do not evidence any enmity on the part of Mr. Zaentz against Fogerty. Nor is there any other such evidence. If, despite *Zaldivar v. City of Los Angeles*, 780 F.2d at 832, the motive of anyone connected with the plaintiff can be considered relevant, no improper motive appears herein. What are the facts:

1. Defendants claim that Mr. Zaentz, "at the merest pretext . . . [seeks] to vex and harass Fogerty by abusing the court system and bringing . . . frivolous actions against Fogerty." Defendants' Memo at 8. But it was

Fogerty who, in September 1980, served Mr. Zaentz as a Doe defendant in a suit Fogerty had filed in March 1978 (30 months earlier) against his lawyers and accountant over money he allegedly lost in a foreign bank. Burnstein Decl. ¶14. California Code of Civil Procedure §474 provides that plaintiffs in California may bring into lawsuits previously un-named parties as "Doe" defendants where, at the time suit was filed, the plaintiff either does not know the identity of a defendant or does not know that a person was responsible for the loss the plaintiff suffered. *Joslin v. H.A.S. Insurance Brokerage*, 184 Cal. App. 3d 369, 376, 228 Cal. Rptr. 878, 882 (1986); *Munoz v. Purdy*, 91 Cal. App. 3d 942, 946-47, 154 Cal. Rptr. 472, 475 (1979). In such cases, the date of the complaint against the "new party" relates back to the initial filing of the lawsuit. *Ibid.* Fogerty says that he sued Mr. Zaentz "to recover his life savings" because Fogerty's entry into the "scheme" in which the money was lost was due to the "recommendation" of Mr. Zaentz. Defendants Memo at 7. Never mind that "recommendation" is not a tort; if Mr. Fogerty actually believed the foregoing, he was required to name Mr. Zaentz as a defendant when the suit was originally filed. Not having done so, he lost his case against Mr. Zaentz because the misuse of the "Doe" statute did not toll the statute of limitations. *See* Declaration of Judge John Dearman attached to Burnstein Decl. as Exhibit 2 thereto. Mr. Zaentz, not unnaturally, filed a malicious prosecution action as a result of that lawsuit.

2. It was Fogerty who, in 1984, wrote a song that, according to other members of CCR and numerous critics, was a steal of the Fantasy-owned song Jungle.

3. And it was Fogerty who, in 1984, wrote a song about Mr. Zaentz calling him a thief and a pig ("Zanz Kant Danz"). (*See* 10 R.T. 1136:15-1137:17.) That song caused Mr. Zaentz to sue Mr. Fogerty for defamation.

Thus, it is clear that the vendetta is, so to speak, on the other foot. Further, the feelings that Mr. Zaentz had or have about Mr. Fogerty are of little relevance to the issue before the Court.

Fantasy, not Mr. Zaentz, undertook to sue defendants for copyright infringement, and then only after receiving credible opinions from various sources that Old Man infringed Jungle. Mr. Zaentz did not, and could not have made this decision; he is not "the owner" of Fantasy. *See, e.g.* Zaentz Decl. ¶ 3; Bendich Decl. ¶ 5. Mr. Zaentz is not even an officer of Fantasy. Burnstein Decl. ¶ 7. Nothing in the record supports defendants' contrary assertion.[1] Indeed, Fogerty and his counsel were informed long before the proceedings that Zaentz did not own Fantasy. Burnstein Decl. at ¶ 7. Even a minimum investigation, let alone one of the nature required by Rule 11, would prevent such an assertion. But Fogerty was determined to show a history of hostility between himself and Mr. Zaentz (it would be more factually accurate to refer to the hostility Fogerty has towards Mr. Zaentz). He now attempts to mislead the Court into believing that that

[1] Had that been an issue in the case, other then as a red herring dragged, by inference, into the shameful cross-examination of Mr. Zaentz, plaintiff would have introduced evidence showing that Mr. Zaentz owns about 7% of the partnership that owns all of the common stock of the company. Neither Mr. Zaentz nor that partnership own any of the preferred stock.

hostility between them, not suspected plagiarism, was the cause of the lawsuit.

Whoever owns Fantasy, the decision to file the suit was made without the participation of Mr. Zaentz. *See* Bendich Decl. ¶ 5. Moreover, that decision was made only after (1) the copying had been suggested to Fantasy by two former members of CCR and several critics; (2) the company president and other officers had listened to the songs and found them similar; (3) counsel had been consulted; and (4) expert legal and musicological opinions indicating a copyright violation had been obtained. *See, e.g.* 8 R.T. 907:13-908:4; Bendich Decl. ¶¶ 2-5; Kaffel Decl. ¶¶ 2-4; Zaentz Decl. ¶¶ 2-3; Burnstein Decl. ¶ 6. Had Mr. Zaentz's alleged "vendetta" against Fogerty been a motivating force, why would *Fantasy* have bothered with the foregoing? To believe that Mr. Zaentz's alleged hostility to Mr. Fogerty was the genesis of this litigation would be to ignore the foregoing facts, as well as the fact that Warner Bros. Records was also named as a defendant.

Even were Mr. Zaentz's motives at issue in this matter, it is difficult to ascribe to him the degree of vindictiveness necessary to embroil his associates in complicated, lengthy and expensive litigation for mere personal satisfaction. Mr. Zaentz, who has produced several major motion pictures ("One Flew Over the Cuckoo's Nest", "Amadeus" and "Mosquito Coast" – the latter distributed by Warner Bros., a sister company of Warner Bros. Records) and won two best picture "Oscars" therefore, should not be presumed to be so petty or so unintelligent as to act so lightly against his self-interest or that of his close associates. *See* Burnstein Decl. ¶ 8.

Thus, defendants have failed to demonstrate that Mr. Zaentz had anything to do with the decision to file this action or that such decision was improperly motivated in any event. What is apparent is that Mr. Fogerty improperly sued Mr. Zaentz in 1980, wrote a vicious song about him in 1984, and spent a great deal of time attacking both Mr. Zaentz and Fantasy to the media. If he now gets a rise out of Mr. Zaentz for any of the foregoing, he accuses Mr. Zaentz of engaging in a vendetta. We trust such argument will fall of its own, ungainly weight.

B. *Fantasy Has Not Asserted Frivolous Claims.*

Defendants contend that Fantasy's arguments of infringement were frivolous. Defendants' Memo at 8. They first mischaracterize Fantasy's position with reference to the warranty issue by arguing that Fantasy asserted that the warranty prevented defendants from introducing evidence of Fogerty's "style." Fantasy actually argued that the "prior art" defense to the claim of substantial similarity was improper in the presence of the warranty. While the Court ruled for defendants on that issue, we hardly believe it was frivolous. By warranting that the music in Jungle, and *all parts thereof* were "new, original and capable of copyright protection", we submit that Fogarty precluded himself from arguing that "prior art", consisting of songs he wrote before Jungle, in any way defeated or minimized Fantasy's claim of substantial similarity. Even if Fantasy's argument is erroneous, it cannot be said to be in bad faith or without reasonable belief in its validity.

Contrary to defendants argument to this Court, Fantasy could not have sued for breach of warranty on the basis of an argument, first made in 1986 as a defense to the copyright claim, that earlier Fogerty songs were similar to (but did not copy) Jungle, for Fantasy does not contend that earlier Fogerty works are so similar to Jungle as to invoke the warranty.

Cooling Systems & Flexibles, Inc. v. Stuart Radiators, Inc., 777 F.2d 485 (9th Cir. 1985), cited by defendants, is of no aid to them. The "works" in *Cooling Systems* were factual catalogues which, in the words of the Ninth Circuit, "contain a great many unprotectible facts and very little protectible expression of arrangement of those facts." *Id.* at 491. The Court went on to unequivocally state that "copyright law considers factual works to be fundamentally different from more artistic works. . . ." *Ibid.* In fact, the Court reaffirmed its position that, with factual material, near identity was required to demonstrate substantial similarity. *Id.* at 491-2. When dealing with artistic and creative works, as are undoubtedly involved in the case at bar, the *Cooling Systems* case appears singularly inapposite.

Defendants next contend that it is frivolous to allege that Fogerty must have copied Jungle in writing Old Man. Far from frivolous, if the songs are substantially similar, the most reasonable conclusion that can be drawn is that the latter was copied from the former. Indeed, the law shifts the burden of proof to the defendant on the issue of copying once access and substantial similarity have been established. *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F2d 1001, 1018-19 (9th Cir. 1985); *cd* 474 U.S. 1059 (1986).

Finally, defendants label "absurd" Fantasy's argument that differences between performances of the same song by different artists were relevant to show that such variations were greater than the disparities alleged by defendants to exist between Jungle and Old Man. We submit that the absurdity, if any, lies in a failure to recognize the relevance of such evidence in the face of expert testimony produced by the defense which stressed minute differences in the performances of the two songs at issue. Plaintiff was attempting to show that "performance style", which may create apparent differences, did not affect the basic and intrinsic similarity between Jungle and Old Man.

C. *There Has Been No Reversal of Fantasy's Position Concerning Fogerty's Earlier Works.*

Defendants claim that the "strongest indicia of . . . bad faith" is that Fantasy's claim of copying constitutes a reversal of Fantasy's prior legal position that Fogerty's songs did not copy each other. Defendants' Memo at 10. Defendants make this claim undeterred by the knowledge that there has been no reversal of position at all. That is to say, Fantasy neither did nor does claim that the songs Fogerty wrote prior to Jungle were copied when he wrote Jungle. Fantasy does claim that Old Man is copied from Jungle, but that is not inconsistent with saying that Jungle is not copied from, for example, "Keep on Chooglin." Defendants claim that the admitted similarity between Jungle and Old Man was based on compositional devices used by Fogerty in earlier songs. Fantasy contends that the similarities between Jungle and Old

Man far transcend any similarities that might have existed between Jungle and earlier songs. While Fantasy's expert noted some similarity between Jungle and Fogerty's earlier works, neither he nor anyone else ever suggested that Jungle infringed the copyright, or was substantially similar to, any earlier Fogerty song. Thus, the issue of copying as to those earlier works does not arise.

With reference to Fantasy's alleged knowledge of Fogerty's ability to create similar songs independently, there is simply nothing in the record to support any such statement and defendants cite the Court to none. Certainly Fantasy was aware of the similarity of style Fogerty used in some of his songs; but that is a far different cry from similarity of melody – of both verse and chorus – which was the case of the two songs at issue herein. Similarity of style was not, of course, Fantasy's claim, and Fantasy so informed the jury. 10 R.T. 1051:23-1052:4, 1138:14-23. Thus, while in 1988 Dr. Spielman saw similarities between, for example, Green River and Jungle, that says nothing about Fantasy's knowledge at any time, and it ignores the fact that the similarities found by Dr. Spielman between those compositions were, in his opinion, relatively insignificant.

In any event, we might also recall for the Court Dr. Spielman's straightforward explanation of the tort committed in this case: "You know, what's wrong is selling the song to – selling the song twice. . . . But there's nothing wrong with copying oneself. It's a very well known tradition." 2 R.T. 145:15-17. The essence of Fantasy's claim was always that Fogerty had sold this song (Jungle) to it, and later (via Old Man) sought to regain the

same song, and the profits therefrom, for himself. A number of musical experts concurred with Fantasy on that point.

D. *Fantasy's Settlement Proposal Was A Good Faith Effort to Settle This Litigation.*

In one of their more cynical arguments, defendants contend that Fantasy failed to make any good faith effort to settle this case. When the case commenced, Fantasy's counsel spoke to Mr. Sidle and said that Fantasy was interested in settlement but, in view of Fogerty's attitude (he had been quoted in numerous articles around the country attacking Fantasy for the six month period before suit was filed), Fantasy did not know if he was interested in settlement. Burnstein Decl. ¶¶ 9-10. Mr. Sidle was asked to report if Fogerty had such an interest. *Id.* ¶ 10. On several subsequent occasions Fantasy renewed its offer to discuss settlement. *Ibid.*

Mr Sidle never responded to any such request; indeed, he never dealt with settlement at all until after plaintiff sent the settlement proposal dated September 10, 1986, a copy of which is attached to the Chieffo Declaration. It should be noted that even then, no response was received from defendants for nine months. Then, only four days before a pre-trial statement was due to be filed with this Court, defendants offered only a mutual dismissal of all claims, including those in two wholly separate actions brought by Mr. Zaentz. Burnstein Decl. ¶ 11. The time records submitted by defendants counsel reveal that no settlement analysis was undertaken nor was any other time devoted to settlement until June 1987 – almost

two years after the suit was filed. *See* Declaration of Kenneth Sidle in Support of Defendants Motion for Costs and Attorneys' Fees, Exhibit A, pp. 1-10.

Several times during the pendency of the litigation, counsel for the Warner defendants hinted that they would be interested in a settlement, but that Fogerty, who controlled the litigation due to an indemnification to Warner Bros., refused to discuss settlement. Burnstein Decl. ¶ 10.

Defendants never indicate the manner in which plaintiff's September 1986 settlement offer constitutes bad faith; they merely call it "absurd." Defendants' Memo at 13. Yet as of March 1985 Warner Bros. Records had a net profit from the record "Centerfield" of over $3,025,000.00; Fogerty had a profit from Warner Bros. sales of Centerfield of approxiamtely $3,700,000.00, and had additional profits of $100,000.00 attributable solely to Old Man. Burnstein Decl. ¶ 12, and Exhibit 1 attached thereto. The foregoing figures do not take into account profits of WEA International or any profits from the sales of Old Man or Centerfield by WCI's foreign subsidiaries. Fantasy had a compelling argument that 37% of the profits from Centerfield should be allocated to Old Man because Old Man was used as the primary vehicle for the promotion and sale of Centerfield. *See Frank Music Corporation v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505 (9th Cir. 1985). Defendants' exposure was thus in excess of $2,500,000.00, and Fantasy's settlement proposal appears, therefore, to represent a reasonable settlement approach, to which defendants never actually responded.

E. *It Is Offensive and Incorrect to Suggest That an Award of Fees Is Necessary to "Deter" Fantasy from Filing Unmeritorious Claims.*

Defendants seek an award of more than a million dollars in order to "deter" Fantasy from filing future, unmeritorious copyright actions. Defendants Memo at 13-14. In this argument, defendants confuse defeat in a hotly contested case with bad faith or frivolousness. If defendants' theory were the law, every losing litigant would be liable for such fees, thus negating the legal principles adumbrated above as to the duty of the courts to award fees only in cases of clear abuse so that copyright holders will not be deterred from protecting their interest in the copyrights. *See* pp. 6-7, *supra*.

Fantasy has filed one copyright infringement suit against Mr. Fogerty, although Fogerty has written approximately 25 songs since Fantasy ceased to have any rights to his new compositions. Burnstein Decl. ¶ 13. Fantasy has not claimed infringement with respect to Fogerty songs on the album entitled "John Fogerty", other songs on "Centerfield", or on the later-released "Eye of the Zombie." In this lawsuit, solid expert evidence supported Fantasy's claim. This record affords no cause to legitimately argue for either the punishment of Fantasy or any need to protect defendants from "abuse of the copyright laws."

II. FOR JUDICIAL ECONOMY AND TO CONSERVE THE RESOURCES OF THE LITIGANTS, IT IS REASONABLE TO BIFURCATE THE QUESTION OF ATTORNEYS FEES AND COSTS, THE PARTIES HAVE AGREED TO SUCH BIFURCATION, AND THE COURT SHOULD NOT MAKE A FEE AWARD AT THIS TIME EVEN IF IT FINDS THAT SOME FEES ARE APPROPRIATE.

Even were the Court to decide that some award of fees and additional costs is appropriate, the documentation heretofore submitted is inadequate to establish the reasonableness of the requested fees. For example, the affidavits submitted are insufficient to establish that the rates sought are in line with generally prevailing rates. *See Blum v. Stenson*, 465 U.S. 886, 896 n.11 (1984). Fantasy objects on a number of grounds to the amounts claimed by defendants, and would need adequate time to do discovery. The following are just a few apparent problems on which additional facts are required: (1) hours are charged for attorneys or others as to whom no information is provided; (2) many of the hours are obviously related to work on the counterclaims, on which plaintiff prevailed; (3) additional hours relate to fighting sanctions and moving to reconsider them, and, as a matter of public policy, it is difficult to see how such legal work is properly recoverable by a fee motion; and (4) a large number of hours charged for things that do not, on their face appear to bear any relationship to the case (such as conference with "California Lenders and Attorney Service" in July 1986).

There are many other areas of concern with the submitted material, not the least of which is that the

defendants' alleged billings are not broken down into sufficient detail, such as daily activity, to justify a fee award. *See, e.g., Hensley v. Eckerhart*, 461 U.S. 424, 437 (1983); *Keith v. Volpe*, 644 F.Supp 1317, 1322 (C.D. Cal. 1986); *aff'd*, 858 F.2d 467 (1988). We respectfully request that the Court honor the stipulation of the parties, submitted herewith, and, if it determines that any award is proper under applicable standards, give the parties time to conduct sensible discovery on the amount of reasonable fees and costs.

CONCLUSION

Under the principles of law applicable to attorneys' fees requests by prevailing defendants in copyright cases, recovery is barred except on a showing of bad faith or frivolousness on the part of the plaintiff. The record herein demonstrates a good faith, albeit unsuccessful, effort on the part of Fantasy to protect and defend a valuable copyright against what it had good reason to see as a flagrant violation by defendants. Given the support of expert witnesses, the failure of the defendants to seek summary judgment, and the refusal of the Court to grant defendants' motion for a directed verdict after the plaintiff had rested, none of Fantasy's claims can be said to be frivolous as a matter of fact, let alone a matter of law. Defendants should not be granted either attorneys' fees

or costs (over and above what is proper in a cost bill), and their motion should be denied.

Dated: December 22, 1988

Respectfully submitted,

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

FANTASY, INC., Plaintiff, vs. JOHN C. FOGERTY, et al., Defendants.	CASE NO. C-85-4929-SC (CW) REPLY MEMORANDUM OF DEFENDANTS IN SUPPORT OF MOTIONS FOR FULL COSTS INCLUDING REASONABLE ATTORNEYS' FEES
AND RELATED CROSS-ACTIONS	Date: January 6, 1989 Time: 10:00 a.m. Courtroom: 1 (Filed Dec. 30, 1988)

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I.
INTRODUCTION

The opposition of Fantasy, Inc. ("Fantasy") to Defendants' Motion For Costs, Including Reasonable Attorneys' Fees, is as make-weight and frivolous as was the instant copyright infringement claim it commenced against John Fogerty in 1985. Fantasy's opposition starts by unethically (and falsely) quoting from confidential settlement discussions in an incredible effort to argue that defendants are not "serious" about the instant motion. Fantasy goes on to rely extensively upon purported statements of former members of John Fogerty's band, Creedence Clearwater Revival, all of which are obviously inadmissible hearsay. If Messrs. Cook, Clifford, and Tom Fogerty had any evidence to give in this case regarding the claim of copyright infringement against John Fogerty, one would have expected them to testify at trial. They did not, and Mr. Clifford, for one, has stated under oath that Mr. Zaentz's testimony at trial and in his declaration regarding the purported events of a meeting with Clifford was false. Fantasy goes so far as to submit a 1986 declaration of a judge of the California Superior Court, supposedly explaining the basis of his 1982 decision in a completely unrelated matter. Other than demonstrating that Mr. Burnstein somehow has the ability to induce a judge to sign such an extraordinary, and inadmissible, declaration, the point of this display is a mystery.

Nothing in Fantasy's opposition should prevent this Court from awarding to defendants their full costs and reasonable attorneys' fees. Fantasy makes only two arguments. First, it claims that because the two Fogerty songs were similar enough to allow the case to be decided by

the jury, then its infringement claim cannot, as a matter of law, be frivolous. Second, Fantasy asserts that Saul Zaentz had no involvement in prosecuting this copyright claim and, therefore, his personal animosity toward Fogerty and his desire to punish Fogerty is irrelevant to whether or not the action was brought in bad faith. Neither of these arguments is persuasive.

The Ninth Circuit authority is clear that merely surviving to trial does not prevent the finding that a copyright claim is frivolous. This extraordinary copyright infringement claim which asserted that a composer of the stature of John Fogerty had copied himself cannot be easily explained away by the technical niceties of an evidentiary presumption. The central issue in this copyright infringement case was copying. Fantasy does not claim that anyone, including Zaentz, ever believed that Fogerty had copied himself when he wrote "OLD MAN DOWN THE ROAD."

Obviously, this case was not brought because anyone ever believed that Fogerty had copied himself. Rather, the case was brought to satisfy Zaentz's emotional needs and to satisfy his desire to gain revenge upon Fogerty for what Zaentz, and his attorneys, believed to be good grounds. Fantasy's argument that Zaentz had nothing to do with the prosecution of this infringement case is patently incredible and is contradicted by the undisputed facts. He was the only witness called by Fantasy on the issue of the commencement of this lawsuit.

This case was brought in bad faith and is frivolous, and this Court should award full costs and attorneys' fees to defendants.

II.

FANTASY CANNOT ESCAPE LIABILITY FOR DEFENDANTS' COSTS AND ATTORNEYS' FEES MERELY BECAUSE THE INFRINGEMENT CLAIM WAS TRIED TO A JURY VERDICT.

Fantasy's argument that, merely because the songs were similar enough to reach the jury on the issue of infringement, its claim cannot be frivolous is simply incorrect under the Ninth Circuit's decision in *Cooling Systems & Flexibles, Inc. v. Stuart Radiator, Inc.*, 777 F.2d 485 (9th Cir. 1985). Fantasy does not bother to discuss that aspect of the *Cooling Systems* decision which affirmed the award of costs and attorneys' fees, and which found the infringement claim to be frivolous, even though the Ninth Circuit had previously reversed a defense grant of summary judgment and ordered the infringement claim to trial.

Fantasy does correctly point out that, in *Cooling Systems*, the Ninth Circuit required that the higher standard of near identity be applied before infringement could be found with respect to the works there at issue. This standard of similarity, which is much higher than "substantial similarity," was applied because the works at issue in *Cooling Systems* were more factual than the creative works in the instant case. But this does nothing to assist Fantasy. By its prior reversal of the grant of a defense summary judgment motion, the Ninth Circuit obviously felt that a reasonable jury could have found that the two catalogs in question were nearly identical. *Cooling Systems & Flexibles, Inc. v. Stuart Radiators, Inc.*, 711 F.2d 1062 (9th Cir. 1983). Despite the fact that the Ninth Circuit found that the works were similar enough

to allow a jury to conclude that they were nearly identical, the District Court, after trial, found that the case was frivolous, brought in bad faith, and granted attorneys' fees and costs. The Ninth Circuit affirmed. *Cooling Systems, supra*, 777 F.2d at 493. The instant case was allowed to go to the jury upon a standard of similarity much less stringent than the "nearly identical" standard applied in the *Cooling Systems* case. As in *Cooling Systems*, however, this fact does not preclude this Court from concluding that the infringement claim asserted by Fantasy was frivolous or was brought in bad faith.

III.

FANTASY NEVER HAD ANY BELIEF THAT FOGERTY HAD COPIED HIMSELF.

Fantasy makes no effort to demonstrate any belief of anyone that Fogerty actually copied himself when he wrote "OLD MAN." Fantasy has submitted the declarations of Zaentz, Bendich and Kaffel. Not one of them expresses the personal opinion that they believed Fogerty had copied himself. At best, Bendich's declaration states that he decided to commence the copyright infringement claim because Norman Rudman "advised [him] that a copyright action was indicated." Bendich Declaration, ¶ 5. This "advice" from Mr. Rudman is not explained in Rudman's Declaration, but it was apparently based upon a report provided by Mr. Tanner, a musicologist hired by Fantasy and who eventually testified at the trial. At the time of his deposition herein, more than a year after the filing of the lawsuit, Tanner expressed no belief one way or the other as to the crucial issue of copying, but only opined as to musical similarities between the two Fogerty

compositions and made no analysis of any prior art, particularly including other Fogerty compositions, to determine whether any similarities found between the two songs were explained by independent creation by Fogerty, rather than by copying.

Fantasy also seems to place the blame for the commencement of this litigation upon the purported statements of former members of John Fogerty's band, Creedence Clearwater Revival. Through a series of inadmissible multiple hearsay statements, Fantasy seems to say that Doug Clifford claimed Fogerty had committed copyright infringement. This hearsay evidence is refuted by the Declaration of Mr. Clifford who states, under oath, that Mr. Zaentz's testimony regarding his meeting with Clifford is "false."

Clifford states:

"5. I did have an occasion to meet with Mr. Zaentz in 1985. However, this meeting did not happen as Mr. Zaentz says.

6. I did not bring the idea up to Zaentz at this meeting of suing John for copyright infringement. I certainly did not bring the 'Centerfield' album with me to the meeting or play any songs from that album for Mr. Zaentz. I also did not say to Mr. Zaentz that 'John can't write a hit song without ripping off Creedence.' I never felt that the release of an album by John would have a negative impact on the sales of CCR product. Stu Cook and I were happy that John was coming out with a new album because we felt it would boost the sales of CCR albums, which it has.

7. During the trial on this matter, I was contacted by Mr. Malcolm Burnstein and asked if I would testify on behalf of Fantasy, Inc. I told Mr. Burnstein that I would not."

Declaration of Douglas Clifford, dated December 28, 1988, filed herein.

It is important to note in this case that Fantasy has made no effort to demonstrate any belief that Fogerty actually copied himself when he wrote "OLD MAN." As pointed out in defendants' original Memorandum, Fantasy has always behaved in the past as if it believed that Fogerty had independently created all of his compositions, even those compositions with virtually identical elements. Defendants' Memorandum In Support, pp. 10-13. If Fantasy believed that other compositions written by Fogerty and copyrighted by it were derived from other works written by Fogerty this should have been disclosed on their copyright application, and their failure to do so, in the words of Harold Barlow at trial, was a "fraud on the public." (T.T. 4-339:11-15.) Fantasy is not a stranger to John Fogerty and should not be allowed to behave as if it were. Fantasy's confused and weak response to this point is further demonstration that it simply has no good faith answer. Plaintiff's Opposition Memorandum, pp. 14-16. Fantasy, we believe intentionally, simply misses the point. If Fantasy believed "KEEP ON CHOOGLIN' " and "BOOTLEG" were composed at the same time and contained on the same Creedence Clearwater Revival album, were independently created, even though they have virtually identical choruses, then on what good faith basis did Fantasy ever

conclude that "OLD MAN," written in 1984, was copied by John Fogerty from his 1970 composition "JUNGLE"?

There is no good faith answer to this question. Fantasy never had any belief that Fogerty copied. This expensive and time-consuming litigation was brought in this Court solely to satisfy Zaentz's desire for revenge and his efforts to punish John Fogerty.

IV.

FANTASY'S FRIVOLOUS COPYRIGHT CLAIM WAS BROUGHT IN BAD FAITH TO SATISFY ZAENTZ'S DESIRE FOR REVENGE AND TO PUNISH FOGERTY.

Fantasy makes an effort to detail why Zaentz is angry at Fogerty, but makes no effort to deny that Zaentz is, in fact, angry at Fogerty. Plaintiff's Opposition Memorandum, pp. 8-11. The reasoning behind this argument is, apparently, the same as that which motivated Mr. Rudman to read to the jury during his summation the words of "ZANZ KAN'T DANZ." Presumably, Mr. Rudman was attempting to create sympathy in the jury for Zaentz and to create animosity against Mr. Fogerty. The instant action, however, is not one for defamation. Whether or not Zaentz has any good faith belief he is entitled to sue John Fogerty for defamation is irrelevant to whether or not this lawsuit for copyright infringement was motivated by Zaentz's desire to punish Fogerty for that same defamation and for other perceived slights.

Rather than deny Zaentz's ill will and anger toward Fogerty, Fantasy tries to create the impression that Zaentz had nothing to do with the filing and prosecution of this copyright infringement claim. This position is absurd.

This infringement action and the defamation case have been carefully coordinated and timed in such a manner that no one can seriously deny Zaentz's involvement in both. Not only do Messrs. Burnstein and Rudman represent both Fantasy in this case and Zaentz in the defamation case, but this and the defamation case were filed on exactly the same day, July 26, 1985, in this Court and in the Los Angeles Superior Court.

Fantasy also seems to argue that Zaentz's ill will toward Fogerty cannot have motivated this copyright infringement case because Warner Bros. Inc. has also been sued in the instant action. Plaintiff's Opposition Memorandum, p. 11. This argument ignores the fact that Zaentz has also sued Warner Bros. Inc. for defamation in the state court action he commenced.

V.

THERE IS A NEED TO DETER FANTASY AND ZAENTZ FROM FILING ANY FUTURE, FRIVOLOUS COPYRIGHT INFRINGEMENT CLAIMS.

Fantasy's opposition papers clearly demonstrate the need to deter it from filing any more copyright infringement claims against John Fogerty. From Fantasy's viewpoint, all it needs do is hire an expert who will render an opinion that a new song by Fogerty is sufficiently similar to one of old compositions so that the presumption of copying might arise. Fantasy sees no need in buying such an opinion to request their expert to review the rest of John Fogerty's compositions. Nor does Fantasy believe it has any need in such circumstances to advise its expert that, in the past, Fantasy has always believed that Fogerty

had sufficient creative powers to independently create, and not copy, musical compositions that were similar, and on some occasions, identical in significant portion. Armed with such a purchased opinion, Fantasy claims it is free to file another infringement claim against Fogerty, regardless of anyone's actual belief that Fogerty copied.

This declaration of a willingness to abuse the copyright monopoly currently held by Fantasy in over 40 compositions written by Fogerty is appalling. Fantasy's assertion that Fogerty has written 25 compositions, and it has only sued him for infringement once, provides no assurances. "OLD MAN" was the first single from the first album released by John Fogerty in which Fantasy had no economic interest. The prior album, "JOHN FOGERTY," was sold by Fantasy outside out of the United States.

Under Fantasy's view of the copyright laws, John Fogerty remains vulnerable to further frivolous claims driven by improper motives. He deserves the deterrance that an award of costs, including reasonable attorneys' fees would provide in the instant action.

VI.

CONCLUSION

Defendants' showing that this case has been brought in bad faith and is frivolous has not been controverted by Fantasy. All Fantasy has demonstrated is that the two songs were similar enough so that this Court allowed the jury to resolve the question of infringement. Under clear Ninth Circuit authority, however, this does not preclude a finding that Fantasy's copyright claims were frivolous.

Fantasy never believed that Fogerty actually copied himself when he wrote "OLD MAN." If so, the goal was to devise a copyright infringement claim that would survive through trial and thus impose the greatest punishment upon Fogerty. The substantial financial burden placed on Fogerty in the form of the fees and costs paid by him to defend against this baseless claim is a far greater burden for Fogerty than the costs of prosecuting the lawsuit are to Zaentz and Fantasy. The pressure of this cost for Fogerty was compounded by the impounding of royalties due to him for four years. This claim was carefully crafted and coordinated with Zaentz's personal claim for defamation against Fogerty in which Zaentz claims that two other songs from the "CENTERFIELD" album and interviews given by Fogerty at the time of the release of the album defame Fogerty.

This is precisely the extraordinary situation where this Court should exercise its discretion and grant to defendants their full costs, including reasonable attorneys' fees, incurred in the defense of the instant action.

DATED: December 29, 1988.

Respectfully submitted,

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No. 92-1750

In The

Supreme Court of the United States

October Term, 1993

JOHN C. FOGERTY,

Petitioner,

vs.

FANTASY, INC.,

Respondent.

On Writ Of Certiorari
To The United States Court Of Appeals
For The Ninth Circuit

BRIEF ON THE MERITS OF PETITIONER

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I.

QUESTION PRESENTED

Whether the prevailing Ninth Circuit standard for awarding attorney's fees in copyright actions, which makes it more difficult for prevailing defendants to obtain an award of attorney's fees than for prevailing plaintiffs and which precludes awards of attorney's fees to prevailing defendants absent a finding that the action was frivolous or brought in bad faith, is the proper standard to be applied under the Copyright Act, 17 U.S.C. § 505.

II.

PARTIES TO THE PROCEEDINGS

In addition to the Petitioner and Respondent named in the caption, above, the following entities were defendants and appellants in the proceedings below: Warner Bros. Records Inc., WEA International Inc., WEA Manufacturing Inc., Warner-Elektra-Atlantic Corporation, and Warner Communications Inc. (sometimes referred to collectively herein as the "Warner Defendants"). The only issue raised in this petition relates to the proper standard for an award of attorney's fees to prevailing defendants, and due to a contractual agreement between them, Fogerty has indemnified the Warner Defendants for and has in fact paid the attorney's fees incurred by such defendants.

Pursuant to Rule 29.1 of the Supreme Court Rules, Petitioner makes the following disclosure: Warner-Elektra-Atlantic Corporation (referred to as "WEA Corporation" in the proceedings below) is a subsidiary of Warner Bros. Records Inc. Warner Bros. Records Inc., WEA International Inc., and Warner Manufacturing Inc. are subsidiaries of Warner Communications Inc. Warner Communications Inc. is a direct subsidiary of TWE Holdings Inc. and an indirect subsidiary of Time Warner Inc. While some of the Warner entities which are parties to this action have subsidiaries, such subsidiaries are wholly-owned. None of the Warner entities which are parties to this action are publicly traded corporations, and, of the parent and subsidiary corporations listed above, only Time Warner Inc. is a publicly-traded corporation.

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No. 92-1750

In The

Supreme Court of the United States

October Term, 1993

JOHN C. FOGERTY,

Petitioner,

vs.

FANTASY, INC.,

Respondent.

On Writ Of Certiorari
To The United States Court Of Appeals
For The Ninth Circuit

BRIEF ON THE MERITS OF PETITIONER

V.

JUDGMENTS BELOW

The judgment and opinion in the matter of *Fogerty, et al. v. Fantasy, Inc.*, Docket Nos. 88-15815, 88-15816, 89-15118, and 89-15120, was entered by the United States Court of Appeals for the Ninth Circuit on February 2, 1993, and is reported at 984 F.2d 1524 (9th Cir. 1993). A copy of the judgment and opinion is attached to the Petition for Writ of Certiorari filed by Petitioner at App.

A-1.[1] The opinion and order of the United States District Court in Case No. C85-4929-SC dated January 6, 1989, which was affirmed by the above, is unreported and is attached to the Petition at App. A-23.[2]

VI.

JURISDICTION

The jurisdiction of this Court is invoked pursuant to 28 U.S.C. § 1254(1). The order of the Ninth Circuit for which review is sought was entered on February 2, 1993. (App. A-1.) No petition for rehearing was sought in the Ninth Circuit, and no extension of time within which to file a petition for a writ of certiorari was sought.

The District Court had subject matter jurisdiction over respondent Fantasy's claim for copyright infringement pursuant to 17 U.S.C. § 501 *et seq.* and over pendant claims pursuant to 28 U.S.C. §§ 1331, 1338(a). The District Court had subject matter jurisdiction over Fogerty's counterclaims pursuant to 17 U.S.C. § 501 *et seq.* and pendant jurisdiction pursuant to 28 U.S.C. §§ 1331, 1338(b).

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[1] The Appendix attached to the Petition shall be referred to herein as "App." and the Joint Appendix shall be referred to herein as "JA".

[2] The Court of Appeal in *Fogerty v. Fantasy, Inc.*, 984 F.2d 1524 (9th Cir. 1993) also affirmed two other orders of the District Court, dated May 2, 1986 and June 9, 1987, which are not the subject of this petition.

VII.

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

17 U.S.C. § 505. Remedies for Infringement: Costs and Attorney's Fees.

In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

United States Constitution, Article 1, Section 8, Clause 8.

[Congress shall have the power] To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

VIII.

STATEMENT OF THE CASE

The Court has granted the Petition of Petitioner John Fogerty ("Fogerty") for review by writ of certiorari of an order of the Ninth Circuit Court of Appeals entered on February 2, 1993 (App. A-1), affirming the Order of the court below denying an award of attorney's fees to Fogerty and

the Warner Defendants[3] after they prevailed at trial on respondent Fantasy Inc.'s ("Fantasy") copyright infringement claims. (App. A-23 at A-30 through A-32.)

Fogerty's relationship with Saul Zaentz[4] and Fantasy[5] and the music publishing contracts at issue in this copyright infringement action goes back to 1968, when Fogerty was the lead singer and songwriter of a musical group which came to be known as "Creedence Clearwater Revival" ("CCR"). (CT No. 27, pp. 15-16.)[6] Within a very short period of time, CCR became hugely successful, making several record albums which went "platinum," recording singles which reached the Billboard Top Ten, and selling tens of millions of records. (RT 670-671; 688-689; 693-694; 696-697; 703; 711.) CCR, with Fogerty as its creative leader, developed a distinctive style of

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[3] Pursuant to an agreement between Fogerty and the Warner Defendants, Fogerty indemnified and reimbursed the Warner Defendants for their attorneys' fees and costs incurred in defending this action, paying a total of over $1 million for both his and the Warner Defendants' defenses. *See* footnote 10, *infra*.

[4] Saul Zaentz is the person who Fogerty has known over the years as the principal owner and controlling officer of Fantasy.

[5] As used herein, "Fantasy" will refer to the respondent Fantasy, Inc. and its predecessors in interest, Fantasy/Galaxy Records, Argosy Venture, and the various business names used by them and by Zaentz for the record and music publishing businesses that exploited the songs written by John Fogerty and performed by Creedence Clearwater Revival, including "Jondora Music," "Cireco," "Galaxy," and "Debut of California."

[6] The Clerk's Transcript from the record below is referred to herein as "CT." The Reporters' Transcript is referred to herein as "RT."

music (dubbed "swamp rock" by the media) which was and still is widely popular. (RT 412, 680.)

Due in part to numerous disputes with Zaentz and Fantasy,[7] CCR disbanded in 1972. (RT 712.) In 1974, Fantasy's predecessor allowed Fogerty to buy his partial freedom from his recording and music publishing agreements, and Fogerty signed with Elektra/Asylum Records, then a division of Warner Communications Inc. (CT No. 27, p. 19; RT 403-411; 429.) In 1984, Fogerty and the Warner Defendants released an album entitled "Centerfield," Fogerty's first album in ten years. (RT 725, 740-41; CT No. 228, p. 2; 168, pp. 8-9.) This album was critically acclaimed and a hit with the public, selling over two million copies, and was for a time the number one selling album in the United States. (RT 741.)

The "Centerfield" album included, among others, a song entitled "Old Man Down The Road" ("Old Man"). (Trial Exh. 126.) Within months after the release of "Centerfield," two lawsuits were simultaneously filed which challenged Fogerty's right to create and market the songs on "Centerfield". On July 26, 1985, the same day that respondent Fantasy filed the instant copyright infringement action, Zaentz filed an action against Fogerty in state court, claiming that Fogerty had defamed him in

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[7] There has been much antagonism between Messrs. Fogerty and Zaentz over the years. According to Fogerty, broken promises made by Zaentz were material factors in the breakdown of the relationship between CCR and Fantasy, and, eventually, in the breaking up of CCR itself. Such broken promises were certainly factors in Fogerty's desire to record for another label in 1974. (*See* Exhibits to CT 1.)

interviews he had allegedly given and in the lyrics to the songs on "Centerfield" entitled "Zanz Kant Danz" and "Mr. Greed."[8] (CT No. 1; RT 910-911.)

Fantasy's federal copyright infringement claim in this action was based upon its assertion that "Old Man," the copyright to which is owned by Fogerty, was an unauthorized copy of the song "Run Through The Jungle" ("Jungle"), which Fogerty had written in or about 1970 and the copyright to which is claimed by Fantasy. The jury trial of Fantasy's federal copyright infringement claim[9] commenced on October 24, 1988. (CT No. 378.) On

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[8] This was not the first litigation filed between Fantasy and Fogerty. In 1978, Fogerty and his wife, Martha, had filed a complaint in state court in California which included Fantasy's predecessor (Argosy Venture) and Saul Zaentz as defendants. (CT No. 27, Exh. A.) After Fantasy's predecessor and Zaentz were dismissed from that action on statute of limitations grounds, Zaentz brought a lawsuit against Fogerty for malicious prosecution. (CT No. 42, Exh. 11, p. 71 RT 908-910.) Zaentz' action against Fogerty was later dismissed on summary judgment. (RT 910.) During the course of the copyright trial, Zaentz testified that the copyright and defamation actions brought against Fogerty were "an answer to a vendetta." (RT 908.)

[9] Fantasy's original Complaint, filed on July 26, 1985, alleged claims of copyright infringement, breach of contract, breach of the covenant of good faith and fair dealing, conspiracy, violation of 15 U.S.C. § 11250(a), unfair competition, declaratory relief and conversion. (CT No. 1.) The pendant, state law and Lanham Act claims asserted by Fantasy were voluntarily dismissed before trial after Fogerty filed a motion for judgment on the pleadings with respect to such claims. (CT Nos. 93, 279.) Fogerty counterclaimed against Fantasy, alleging claims for rescission of his music publishing agreements with Fantasy's claimed predecessors and for restitution of his songs, copyright infringement, damages, and an accounting. (CT No. 7.) Certain

November 7, 1988, after only a little over two hours of deliberations, the jury returned a verdict for the defendants and against Fantasy, and judgment was entered for Fogerty and the Warner Defendants on that date. (JA 2; CT No. 391.)

After the successful conclusion of the jury trial and the entry of judgment on the jury verdict in favor of all defendants and against plaintiff, Fogerty and the Warner Defendants filed a motion for an award of their actual costs and for an award of reasonable attorney's fees pursuant to 17 U.S.C. § 505. (JA 3, 5, 61.) In support of the motion, the moving parties submitted evidence documenting their actual costs in the sums of $129,882.80 and $28,042.32 and their actual legal fees in the sums of $735,335.00 and $197,462.00.[10] (CT Nos. 403, 404.) The District Court awarded costs only in the sums of $18,012.60 and $2,063.25 and denied in full the request for

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parts of Fogerty's counterclaims were stricken by order of the District Court entered on May 2, 1986, and, on June 9, 1987, the District Court granted summary judgment to Fantasy on Fogerty's first and second counterclaims for rescission and copyright infringement. (CT Nos. 52, 228.)

[10] Pursuant to an agreement between them, Fogerty indemnified and actually paid the legal fees and costs incurred by the Warner Defendants. Hence, Fogerty incurred a total of $1,090,772.12 in legal fees and costs in this action. The magnitude of the fees incurred in this action is the result, in part, of the extensive discovery conducted by Fantasy (who took Fogerty's deposition for five days without even asking about the songs in question) and motion practice regarding the extent to which Fantasy could include foreign sales proceeds of the Warner Defendants in its damage claim. In addition, the case was pretried several times, and the trial itself lasted two weeks.

an award of reasonable attorney's fees. (App. A-23 at A-30 to 32.)

In denying an award of attorney's fees to the defendants, the District Court stated that it was doing so based upon the Ninth Circuit standard for awards of attorney's fees to prevailing defendants under 17 U.S.C. § 505. That standard requires a finding of either frivolousness or bad faith in order for such an award to be made to a defendant who defeats a claim of copyright infringement. (App. A-23 at A-30.) In applying this standard, the District Court held:

> "The Court finds that Fantasy's infringement suit was not brought frivolously nor in bad faith. Although the facts of this case did not present the textbook scenario of copyright infringement, the Court has held that Fogerty could indeed be held liable for copyright infringement even where he also wrote the song allegedly infringed. *Fantasy, Inc. v. Fogerty*, 654 F.Supp. 1129, 1132 (N.D.Cal. 1987). Fantasy's suit was not frivolous merely because it presented a case of first impression. Nor does Fantasy's "knowledge of Fogerty's creativity" mean that this suit was brought in bad faith, where a finding of subconscious copying would have supported Fantasy's infringement claim. And although the Court did not allow Fantasy to maintain a "breach of warranty" claim, Fantasy's attempt to argue such a theory is no more in bad faith than was Fogerty's pretrial assertion that the "fair use" defense of the Copyright Act was applicable to him.

> "Because the Court finds that Fantasy's suit alleging that "Old Man" infringed upon "Jungle" was not filed frivolously nor in bad faith, the Court finds that whatever animosity exists between Fogerty and Zaentz does not warrant an award of attorneys' fees. Fogerty's motion for attorneys' fees is HEREBY DENIED."

(App. A-23 at A-31 through A-32.)

On appeal to the Ninth Circuit, Fogerty and the Warner Defendants requested, *inter alia*, that the Court of Appeals adopt an evenhanded rule for awards of attorney's fees pursuant to 17 U.S.C. § 505, or carve out an exception to the dual standard in cases where self-copying is alleged against a defendant. Defendants requested an *en banc* hearing with respect to this issue, which was denied. In affirming the District Court's denial of an award of attorney's fees to Defendants, the Court of Appeal held:

> "With regard to Fogerty's argument that the existing Ninth Circuit standard should be abandoned in favor of the approach of the Third and Eleventh Circuits, this panel is bound by the existing circuit rule, which conforms with the approach of the Second and Seventh Circuits. *See, Video Views, Inc. v. Studio 21, Ltd.*, 925 F.2d 1010, 1022 (7th Cir.), *cert. denied*, 112 S.Ct. 181 (1991); *Roth v. Pritikin*, 787 F.2d 54, 57 (2nd Cir. 1986). We decline to create an exception or to call for an *en banc* hearing to revisit the rule at this time."

(App. A-1 at A-22.) It is this ruling which is the basis for Fogerty's petition to this Court.

IX.

SUMMARY OF THE ARGUMENT

The dual standard for awarding attorney's fees under Section 505 of the Copyright Act adopted by the Ninth Circuit provides that prevailing plaintiffs should be awarded their fees as a matter of course but that prevailing defendants must demonstrate that the action was frivolous or brought in bad faith in order to recover attorney's fees. This dual standard is not consistent with the constitutional mandate underlying the Copyright Act found in Article 1, Section 8, Clause 8 of the United States Constitution.

There is no rational policy justification for distinguishing between prevailing plaintiffs and defendants in copyright actions. An action in which a defendant prevails may promote the progress of science and the useful arts as effectively as an action in which a plaintiff prevails. Here, in successfully defending against Fantasy's copyright infringement action, Fogerty validated his copyright to the song "Old Man" as an originally-created work. A rule which makes it more difficult for defendants such as Fogerty, who are the authors of copyrighted works, to recover their attorney's fees against a losing plaintiff would discourage the vigorous defense of actions where the originality of a new copyright is challenged, since defendants who incur substantial attorney's fees to defend their copyright will not be made whole while plaintiffs are in most cases assured recovery of their reasonable attorney's fees if they succeed.

Section 505 should be interpreted to be consistent with the underlying policies of the Copyright Act to

further the goal of promoting the creation of new works by authors. An evenhanded rule, which does not discriminate between prevailing plaintiffs and defendants, furthers these policies and goals by encouraging not only meritorious copyright infringement claims, but also meritorious copyright defenses. A copyright defendant who demonstrates that he has created a new, original work or who establishes that the plaintiff's alleged copyright protected work is in fact in the public domain furthers the goals of the Copyright Act as much as, if not more than, a copyright plaintiff who merely establishes that a defendant copied or made an unauthorized use of an existing work.

In exercising the discretion permitted by Section 505, district courts should be required to apply the same standard to prevailing defendants as to prevailing plaintiffs, and the presumption should be that a prevailing party be awarded its fees unless special circumstances are present. Congress has expressed no intent to limit awards of attorney's fees to prevailing plaintiffs or to exceptional cases. Absent such intent, it should be generally appropriate to award reasonable fees to the prevailing party. The Court should thus reverse and remand to the district court with a direction to enter an award of attorney's fees to Fogerty.

X.

ARGUMENT

A. The Court Should Adopt an Evenhanded Approach to Awards of Attorneys Fees Under Section 505.

1. Nothing in the Legislative History of Section 505 Supports the Dual Standard of the Ninth Circuit.

In interpreting a federal statute, the Court must look first to the express language of the statute, and then to the legislative history of the statute if the statutory language is unclear. *See, e.g. Blum v. Stenson*, 465 U.S. 886, 896, 104 S.Ct. 1541, 1548, 79 L.Ed.2d 891 (1984) (where resolution of a question of federal law turns on a statute and the intention of Congress, court looks first to the statutory language and then to the legislative history if the statutory language is unclear). Looking first to the express language of the statute, the district court is authorized to award fees to the "prevailing party." Such language supports an evenhanded, rather than a dual, standard.

Even if this statutory language was unclear, there is no support in the legislative history for a dual standard. The "dual" or "asymmetrical" approach adopted by the Ninth Circuit is, in essence, a judicial gloss on the attorney's fee provision of the Copyright Act which imposes additional considerations of policy upon fee awards to defendants which are not expressed in the Copyright Act or in the legislative history of Section 505.

The legislative history of Section 505 in connection with the adoption of the 1976 Copyright Act is virtually

non-existent. The legislative history of Section 505 states in full:

> "Under section 505 the awarding of costs and attorney's fees are left to the court's discretion, and the section also makes clear that neither costs nor attorney's fees can be awarded to or against 'the United States or an officer thereof.' "

H.R. Rep. No. 1476, 94th Cong., 2d Sess. 163, reprinted in 1976 U.S. Code Cong. & Admin. News 5779, 5779. *See also* Elden Dale Golden, *The Discretionary Award of Attorney's Fees under the Copyright Act*, 13 Hastings Comment L.J. 411, n. 31 (1991). This lack of legislative history has been noted and discussed by many commentators and in many of the cases,[11] and the legislative history of copyright acts proposed prior to the 1976 Act is not much more enlightening. "In the series of background studies that kicked off the revision process, attorney's fees receive only a lick and a polish, with no discussion of the philosophy underlying the relevant statutory provisions."[12]

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[11] Peter Jaszi, *505 and All That – The Defendant's Dilemma*, 55 Law & Contemp. Probs. 107 (1992) (provision carried forward "with little discussion of any kind"); Elden Dale Golden, *The Discretionary Award of Attorney's Fees under the Copyright Act*, 13 Hastings Comm/Ent L.J. 411 (1991) ("Congress has given no guidance in the statute . . . or in the legislative history . . . as to what standard should be followed or as to the purpose of the statute . . . ").

[12] Jaszi, *supra* at n. 2. Jaszi analyzes the legislative history of Section 505 as follows:

"An equally 'even-handed' approach characterizes the 1961 Register's Report on Copyright Law Revision: '[t]he costs involved in an infringement action are usually relatively small.

In fact, the pre-1976 Act studies lend more support to an evenhanded than to a dual standard for awards of attorney's fees to prevailing plaintiffs and defendants. As one commentator has stated:

> "Quoting from the 1917 edition of Weil on Copyright, the most directly relevant study noted simply that attorney's fees may be recoverable because 'expense of any litigation is considerable [so that] it may not pay a party to defend rights, even if valid, a situation opposed to justice.' Therefore, '[i]t is increasingly recognized that the person who forces another to engage counsel either to vindicate, or defend, a right should bear the expense of such engagement and not his successful opponent.' Notably, perhaps, this passage treats the attorney's fee provision as of equal potential applicability to

But the prosecution or defense of a copyright suit may entail a good deal of work and expense, and an award of attorney's fees can be substantial.' Report of the Register of Copyrights on the General Revision of the Copyright Laws, 87th Cong, 1st Sess 30 (1961) (supporting the retention of provisions allowing discretionary awards of attorney's fees in new legislation).

"Although private parties proposed that the attorney's fees provisions be amended to make awards mandatory in case of the infringement of registered words, see Copyright Law Revision, Part IV: Further Panel Discussion and Comments on the Preliminary Draft for Revised U.S. Copyright Law, 86th Cong, 2d Sess 69 (1964) (letter from Ernest S. Myers noted), the language of the Preliminary Draft was to be carried forward, without substantial change in this particular regard, through the successive drafts which culminated in the 1976 Copyright Act. Indeed, the language of what would become Section 505 was unchanged after 1964. Neither the House Report nor the Senate Report on the final legislation contains any substantive discussion of the provision." Jaszi, *supra* at n. 2 (1992).

> plaintiffs and defendants. William S. Strauss, *The Damages Provisions of the Copyright* Law, Copyright Revision Study No 22, 86th Cong, 2d Sess 36 (1960)."

Jaszi, *supra* at n. 2.

2. Congress Did Not Intend To Adopt A Dual Standard When It Enacted Section 505.

As a close reading of both the report delivered to Congress by the Register of Copyright in 1961 (the "1961 Report"), *reprinted in* H.R. Rep. No. 1476, 94th Cong., 2d Sess. 163 (1976), and cases involving the award of attorney's fees decided under the 1909 Act demonstrates, neither the 1961 Report nor the majority of attorney's fees cases decided under the 1909 Act implicate, much less expressly endorse, the dual standard for the award of attorney's fees under the 1976 Act that has been embraced by the Ninth Circuit. The 1961 Report of the Register of Copyrights draws no distinction whatsoever between the entitlement of plaintiffs and defendants to attorneys' fees under the 1909 Act. The 1961 Report is nothing more than an endorsement of the discretion of federal judges with respect to the award of attorney's fees under the 1909 Act and is not an attempt to formulate legislative standards governing such awards.

While the cases are far from uniform, there is authority in the pre-1976 Act case law which supports the notion that the provision of the Copyright Act allowing awards of attorney's fees was an adoption of the English rule for fee awards with the purpose of making the prevailing party "whole." In *Lewys v. O'Neill*, 49 F.2d 603 (S.D.N.Y.

1931), the District Court for the Southern District of New York awarded attorneys' fees to a prevailing defendant in a copyright infringement action. While the court's lengthy opinion supports its comment that the plaintiff's claims were "wholly preposterous", the costs incurred by the defendant in defending his copyright, rather than the frivolousness of the plaintiff's claims, provided the justification for the award of attorney's fees. The court stated:

> "The plaintiff, therefore, has played for high stakes and lost. The expense of their success will necessarily bear heavily on the defendants.
>
> Fortunately in copyright cases Congress has seen fit to leave the courts free to adopt the wise English practice of throwing a large part of the expense of litigation on the unsuccessful party.
>
> Section 40 of the Copyright Act of March 4, 1909 provides: 'In all actions, suits or proceedings under this title, except when brought by or against the United States or any officer thereof, full costs shall be allowed, and the court may award to the prevailing party a reasonable attorney's fee as part of the costs.' "

49 F.2d at 618.

Taken as a whole, pre-1976 case law dealing with attorneys' fees under the 1909 Act demonstrates merely that courts awarding or declining to award attorneys' fees to prevailing parties justified their decisions with reference to such a variety of policy analyses and legal principles that no clear standard that could have put Congress "on notice" of any prevailing interpretation of the attorneys' fees section of the 1909 Act can be honestly said to have emerged from pre-1976 Act case law.

Not only was there no clear standard for awards of attorney's fees in copyright actions prior to the 1976 Revision, there is also absolutely no evidence that Congress had any awareness of the varying applications of the attorney's fees provision among the district courts. Absent any evidence of such awareness in the legislative history, it cannot be assumed that Congress intended the 1976 Revision to ratify any particular interpretation of the fee-shifting provision. In the absence of any applicable legislative history, the Court is left to determine the intent of Congress from the language of the statute and the legal context in which the section was enacted.

3. An Evenhanded Approach is Called For by the Policies Underlying the Copyright Act.

a. The Purpose of the Copyright Act is to Promote the Progress of the Arts, and a Successful Defense of a Copyright Infringement Action Furthers that Purpose.

In determining the appropriate standard to govern the district courts' discretion in awarding attorney's fees under Section 505, this Court must look to the policies underlying the Copyright Act.

> "The copyright statutes ought to be reasonably construed, with a view to effecting the purposes intended by Congress. They ought not to be unduly extended by judicial construction to include privileges not intended to be conferred, nor so narrowly construed as to deprive those entitled to their benefit of the rights Congress intended to grant."

Bobbs-Merrill Co. v. Straus, 210 U.S. 339, 346, 28 S.Ct. 722, 724, 52 L.Ed. 1086 (1908).

The argument in favor of the "dual" standard misstates or ignores the policies behind the Copyright Act. Article 1, Section 8, Clause 8 of the United States Constitution grants Congress the authority to "promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." In *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 95 S.Ct. 2040, 45 L.Ed.2d 84 (1975), the Court articulated the policies underlying the Copyright Act:

> "The limited scope of the copyright holder's statutory monopoly, like the limited copyright duration required by the Constitution, reflects a balance of competing claims upon the public interest: Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts. [¶]
>
> The immediate effect of our copyright law is to secure a fair return for an 'author's' creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good. 'The sole interest of the United States and the primary object in conferring the monopoly,' this Court has said, 'lie in the general benefits derived by the public from the labors of authors.' "

Id. 422 U.S. at 156 (footnotes omitted), quoting *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127, 52 S.Ct. 546, 547, 76 L.Ed. 1010 (1931).

The Constitution refers to Congress "securing" the authors a copyright. At the time of the enactment of the United States Constitution, there had been a long history in England of copyrights[13] and exclusive rights granted to authors and publishers.[14] What the enactment of the federal copyright scheme did was to "secure" those rights, *i.e.*, acknowledge or confirm them. The federal scheme also limited those rights. *See, e.g., Graham v. John Deere Company of Kansas City*, 383 U.S. 1, 5, 86 S.Ct. 684, 687, 15 L.Ed.2d 545 (1966) (constitutional provision which gives rise to federal patent and copyright power "is both a grant of power and a limitation").

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[13] The two competing policies which are balanced by both the U.S. and British copyright laws can be seen in two arguments made by Mccaulay in the House of Commons:

> "The principle of copyright is this. It is a tax on readers for the purpose of giving a bounty to writers. The tax is an exceedingly bad one; it is a tax on one of the most innocent and most salutary of human pleasures."

56 Parl. Deb. (3d ser.) 341, 350 (1841) (debate on lengthening the statutory term of copyright).

> "The advantages arising from a system of copyright are obvious. It is desirable that we should have a supply of good books; we cannot have such a supply unless men of letters are liberally remunerated: and the least objectionable way of remunerating them is by means of copyright."

56 Parl. Deb. (3d ser.) 341, 346 (1841). Quoted in Howard B. Abrams, *The Historic Foundation of American Copyright Law: Exploding the Myth of Common Law Copyright*, 29 Wayne L. Rev. 1119, 11120, n. 1,3.

[14] *See* Abrams, *supra* at n. 14.

Copyrights granted under the federal statute are limited in time and in scope in order to balance the benefits to the authors of avoiding copying and the benefits to the public of availability of others' creative efforts. There is a benefit to the public in having works in the public domain.[15] It can be said that copyright is a monopoly carved out of the public domain. "The public domain is the law's primary safeguard of the raw material that makes authorship possible."[16] By the limitation of the monopoly rights granted, others are free to engage in commerce with the knowledge that they can use ideas in their own works, even though those ideas may have appeared in other works.

The Court further discussed the policies underlying the Copyright Act in *Mazer v. Stein*, 347 U.S. 201, 219, 74 S.Ct. 460, 471, 98 L.Ed. 630 (1954) as follows:

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[15] David Lange, *Recognizing the Public Domain*, 44 Law & Contemp. Probs. 147 (1981).

[16] Jessica Litman, *The Public Domain*, 39 Emory L.J. 965, 967 (1990). As Professor Litman explains:

> "To say that every new work is in some sense based on the works that preceded it is such a truism that it has long been a cliche, invoked but not examined. But the very act of authorship in any medium is more akin to translation and recombination than it is to creating Aphrodite from the foam of the sea. Composers recombine sounds they have heard before, playwrights base their characters on bits and pieces drawn from real human beings and other playwrights' characters . . . This is not parasitism: it is the essence of authorship. And, in the absense of a vigorous public domain, much of it would be illegal."

(footnotes omitted) *Op. cit.* at 966-967.

> "The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'Science and useful Arts.' Sacrificial days devoted to such creative activities deserve rewards commensurate with the services rendered."

This Court reiterated in *Feist Publications, Inc. v. Rural Telephone Service Company, Inc.*, ___ U.S. ___, 111 S.Ct. 1282, 1289-90, 113 L.Ed.2d 358 (1991) that the

> "primary objective of copyright is not to reward the labor of authors, but '[t]o promote the Progress of Science and useful Arts.' To this end, copyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work. . . . This result is neither unfair nor unfortunate. It is the means by which copyright advances the progress of science and art."

Again, in *Sony Corporation of America v. Universal City Studios, Inc.*, 464 U.S. 417, 429, 104 S.Ct. 774, 782, 78 L.Ed.2d 574 (1984), the Court held:

> "The mononoply privileges that Congress may authorize are neither unlimited nor primarily designed to provide a special private benefit. Rather, the limited grant is a means by which an important public purpose may be achieved. It is intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired. . . . "

In other words, Congress' preemption of the field of copyright was not just an expansion of rights, but also a clarification of the limits on such rights. However, the legal system has no policy incentive to put its thumb on either side of the scales in favoring either the expansion of copyrights (which is normally a plaintiff's position) or the restriction of copyrights (which is normally a defendant's position). By litigating copyright actions, both plaintiffs and defendants provide a benefit to the general public by clarifying elements of the statutory scheme governing copyrights.

As one commentator has put it:

> "Section 505, as conventionally interpreted, operates to encourage litigation by copyright plaintiffs; those same interpretations, however, have the dysfunctional effect of chilling the vigorous assertion of various defenses to claims of infringement. It may not be too much to suggest that the continuing health of American copyright law depends, in significant part, on our success in righting this skewed balance[17] . . . [¶]
>
> "Vigorous, persistent assertion of defenses to claims of infringement is part of the life blood of our copyright system. To the extent that the rules of the game of copyright litigation, including Section 505, tend to discourage the assertion and litigation of meritorious defenses, the resulting tendency toward settlement will produce, inevitably, a kind of systemic anemia. Settlements, whatever their value to the immediate parties, do not benefit the public at large by

[17] *See* Jaszi, *supra* at 108, n. 11.

> helping to mark out the outer contours of copyright protection; indeed, the practical effect of some settlements may be to suggest that those contours are more generous than is in fact the case."[18]

An evenhanded attitude is particularly important as the business world develops "works" in new areas of technology, particularly in the areas of electronics, computers and biotechnology, since it is necessary to balance the claims of the public for widespread distribution with the claims of authors and the media for trade monopolies.[19] The legal system has no legitimate interest in having a system of litigation which favors the expansion of copyrights or the restriction of copyrights.[20] It does have

[18] *See* Jaszi, *supra* at 112, n. 11.

[19] *See* Abrams, *supra* at 1186, n. 14:

> "Today's exploding technologies of videotape and audio recording, cable television, and other advances in media and repography, have confronted us with major problems which require accommodation of the conflicting claims of the public for widespread distribution and easy access to intellectual works with the claims of media and authors for trade monopolies."

[20] Justice Steven's concurring opinion in *General Motors Corp. v. Devex Corp.*, 461 U.S. 648, 653, 103 S.Ct. 2058, 2061, 76 L.Ed.2d 211 (1983), discusses this concept in the context of patent litigation. In *General Motors*, the Court held that when Congress wishes to limit an element of recovery, it says so explicitly, and thus awards of prejudgment interest under section 284 of the Patent Act were found not to be restricted to exceptional circumstances, whereas awards of attorney's fees under the Act are expressly so limited. In his concurring opinion, Justice Stevens emphasized "the public function served by patent litigation." *Id.*, 461 U.S. at 658. Justice Stevens noted that a patent simply represents a conclusion by the Patent Office

an interest in a level playing field in which the rights and limits of copyrights in these new works are defined, and part of such a level playing field is the application of Section 505 in an evenhanded manner as between prevailing plaintiffs and defendants.

b. The Justifications Set Forth In Support of a Dual Standard Do Not Apply in the Context of Copyright Actions Like the Present One, Which Involve Competing Copyright Claims.

The rationale that has developed to justify the dual standard of the Ninth Circuit centers on the argument that where a plaintiff prevails, a copyright has been "defended" or "enforced" and therefore, fees should be routinely or generously granted. However, so the argument goes, when a defendant prevails no copyright has been "defended" or "enforced," and therefore no "purpose" of the copyright act has been promoted.

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made in an *ex parte* proceeding without the aid of arguments by parties interested in proving patent invalidity, *citing Lear, Inc. v. Adkins*, 395 U.S. 653, 670, 89 S.Ct. 1902, 23 L.Ed.2d 610 (1969), and concluded that a patent challenge through litigation in the courts advances the general public interest by permitting a more informed decision regarding the merits of a particular patent. *Id.*, 461 U.S. at 658.

> "[A]s we have long recognized, '[i]t is as important to the public that competition should not be repressed by worthless patents, as that the patentee of a really valuable invention should be protected in his monopoly. . . . ' "

Id., quoting *Pope Manufacturing Co. v. Gormully*, 144 U.S. 224, 234, 12 S.Ct. 632, 636, 36 L.Ed. 414 (1892).

The justification for the "dual" approach has been set forth by one commentator as follows:

> "The purpose of the Copyright Act is succinctly expressed in the United States Constitution. Article I, Section 8, Clause 8 of the Constitution gives Congress the power '[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.' It is axiomatic that the rights and powers granted by the Constitution should be construed liberally to 'best promote the very objects of the people . . . [and] promote or secure their rights, property, or liberty.' This purpose, recognized by many courts, has been well served by American copyright law, which 'seeks to vindicate the economic . . . rights of authors.' Beyond securing economic rights, suits challenging copyright infringement advance Congress' clear intent to encourage intellectual creation by protecting the exclusive rights of authors 'to the fruits of their respective works.' An award of fees to a prevailing defendant does not further this Congressional purpose. Economic rights are not vindicated when the defendant prevails, because the defendant has not availed himself of the protection of the Copyright Act."

Note: *Awarding Attorneys' Fees in Copyright Infringement Cases: The Sensible Use of a Dual Standard*, 51 Albany Law Review 255 (1987).

This argument is, simply, wrong. A defendant in a copyright action usually has a copyright of his own which has at least been "defended," if not "enforced," by the action. The court in *Lieb v. Topstone Industries*, 788 F.2d

151, 155 (3d Cir. 1986) rejected the "divining" in *Diamond v. Am-Law Publishing Co.*, 745 F.2d 142 (2d Cir. 1984), of an intent by Congress to encourage copyright holders to pursue infringers by noting that "in many cases defendants are holders" of copyrights. 788 F.2d at 155.

This can be clearly seen in this case. John Fogerty has a copyright to "Old Man" which was defended and upheld by his defense and the verdict in his favor in the action below. He has proven that "Old Man" was an original work, that it was not copied as alleged by Fantasy, and that the Warner Defendants were free to use the song on the "Centerfield" album. Similarly, the Warner Defendants were copyright proprietors and availed themselves of the Copyright Act. Fogerty's successful defense promoted the purpose of the Copyright Act as well as any successful prosecution of a copyright claim by a plaintiff. In contrast, a decision in *Fantasy's* favor in this case would have chilled not only Fogerty's future creative endeavors, but also those of other artists who have carved out a distinctive style in their works.

This case points out the faults of the supposed "access-to-legal-recourse" and "pro-artist" dual approach. The mere status as plaintiff or defendant should not confer such built-in advantages in litigating. After receiving threats from plaintiff, had the Warner Defendants and Fogerty initiated this action as one for declaratory relief that "Old Man" was an independent, original work and did not infringe "Jungle," they would have been the "plaintiffs" and Fantasy the "defendant" in a civil action brought under the Copyright Act. Under the Ninth Circuit's dual approach, had the Warner Defendants and Fogerty prevailed as plaintiffs at trial of that

copyright action for declaratory relief, they would have been entitled to fees as a matter of course without showing any bad faith or frivolity. In all other respects, the substantive claim asserted by the respective parties would have been exactly the same, but fees would be recoverable merely on the basis of a race to the courthouse.

Any policy so easily circumvented is obviously flawed. There is no reason why the prevailing authors and owners in this case should be denied legal fees simply because they are labeled "defendants" when other "authors and owners" who prevail recover fees merely because they are labeled "plaintiffs."

Application of anything other than an evenhanded approach in cases like this results in a tactical windfall to plaintiffs such as Fantasy. It is impossible for a defendant who has written both the alleged infringed and alleged infringing works to extricate himself from an infringement action before trial. The simple elements of an infringement action are access and similarity to a prior copyrighted work, from which copying may be inferred. *Pasillas v. McDonald's Corp.*, 927 F.2d 440, 442 (9th Cir. 1991); *Shaw v. Lindheim*, 908 F.2d 531, 534 (9th Cir. 1990). Under these circumstances, where the defendant authored both works, (a) the requirement of access is necessarily met, (b) substantial similarity of admittedly objectively similar works, being by the same author and in the same style, is required to be decided at trial and not on motion, *see Shaw, supra*, 908 F.2d at 541, and (c) the doctrine of "subconscious copying," *see ABKCO Music Inc. v. Harrisongs Music Ltd.*, 722 F.2d 988 (2d Cir. 1983),

permits a trial even where the author expressly denies copying.

When the copyright owner of an artist/author's prior work chooses to sue, it is granted a free roll of the dice to prevent that artist/author from continuing to create and to compete with new copyrighted works similar to his old works. The owner of the copyrights to the prior works can file infringement claims with the comforting knowledge that, as the law presently stands in the Ninth Circuit, (1) its case almost certainly will get to trial, and (2) it need not worry about the award against it of statutory attorneys' fees should the suit fail. Armed with knowledge of this legal advantage, plaintiffs in Fantasy's position are free to exert economic leverage on the author in a manner never contemplated by the Copyright Act.

As an example, in this case, Fantasy refused to pay Fogerty over $1.4 million in royalties it admittedly owed him until resolution of this action, while causing Fogerty to incur some $1 million in fees and costs defending the action. While Fogerty had the wherewithal to withstand this economic coercion this time, many other authors whose interests are meant to be protected and preserved by the Copyright Act will not be able to do so and will succumb to the economic power of those stronger in the marketplace.

Because a defendant in a self-copying case like this one is unlikely to prevail on a motion to dismiss or for summary judgment, it is also almost impossible under the present Ninth Circuit standard for awarding attorney's fees in copyright actions for such a defendant to obtain an award of the attorney's fees he incurred in defending

himself. The District Court's ruling in this action (App. A-23 at A-31 to A-32) demonstrates the difficulty encountered by a prevailing defendant who seeks an award of fees under Section 505, since the fact that the plaintiff was able to get to the jury was relied upon to support both the conclusion that the case was not frivolous and the conclusion that it was brought in good faith, even where the defendants were forced to incur over $1 million in attorney's fees to defend themselves, where the jury was able to decide the lack of merit to the action in two hours, and where there was a history of animosity between the parties.

Fogerty's predicament when embarking upon new compositions must also be considered. According to the district court, he may be liable for infringement of a work even though he is the author of and beneficial copyright owner of his prior works *and* he may infringe those works by subconsciously copying himself. Fogerty must factor into this equation the fact that the owners of the rights to his earlier works have a history of animosity towards him and have demonstrated their willingness to sue for infringement. Fogerty is thus placed in a position as an artist where he must create new music completely dissimilar to any of his earlier, successful works if he wishes to avoid legal attack and the accompanying expense of attorney's fees in defending himself against the claims of those who control the copyrights to his early creativity. This is a totally undesirable perversion of copyright law and contrary to the purpose of the Copyright Act, "which is to encourage the production of the arts." *Warner Brothers Pictures Inc. v. Columbia Broadcasting System*, 216

F.2d 945, 950 (9th Cir. 1954), *cert. denied*, 348 U.S. 971, 75 S.Ct. 532, 99 L.Ed. 756 (1955).

In comparison, the appropriateness of the evenhanded approach to interpreting Section 505 is well summarized by the decision in *Cohen, supra*, 617 F.Supp. at 623:

> " . . . Absolutely nothing in the statute [17 U.S.C. 505] or in the legislative history gives to courts any authority to distinguish between an award of attorneys' fees to a prevailing defendant and an award to a prevailing plaintiff. . . . Nor am I persuaded that a distinction should be made in an award because there is some need to encourage plaintiffs to file suit which differs in public benefit from a need to encourage defendants to defend suits. Copyright laws are not intended for the benefit of prospective plaintiffs. Who may be a plaintiff and who may be a defendant doesn't define the difference between good guys and bad guys. Nor can we assume that plaintiffs are inherently impecunious while defendants have deep pockets. Entities which sue for copyright infringement as plaintiffs can run the gamut from corporate behemoths to starving artists; the same is true of prospective copyright infringement defendants. Nor can it be argued on any principled ground that society is better off when a plaintiff files and wins a copyright infringement suit than when a defendant defends and wins a copyright infringement suit. Indeed, if there is any difference between the two, we must remember that it wasn't the defendant who chose to litigate. . . . The statute surely says nothing more or less than that a judge is to

> use an evenhanded approach in awarding attorneys' fees to a prevailing party. [Citations omitted.] . . . Plaintiff caused defendant considerable expense and trouble in plaintiff's losing cause. . . . In other words, plaintiff lost and deserved to lose and there is no reason why the discretion of the court should not be exercised to award fees in accordance with the provisions of the statute."

Nowhere are the *Cohen* court's points more valid than this case. A tremendously gifted artist, Fogerty, whose rights the Copyright Act is designed to protect (even under "dual" theorists' thinking), is the defendant. Plaintiff is a wealthy corporation with the animosity and wherewithal to prosecute numerous claims against Fogerty. What coherent copyright policy concerns justify conferring a benefit on Fantasy and its principals for their actions in conducting this lawsuit? This case is one which demonstrates the need for an "evenhanded" approach to the exercise of the district court's discretion under Section 505.

c. The Standards Applicable to Fee Awards in the Context of Other Statutes, Such as the Civil Rights Act, Are Based Upon Policy Considerations Which Do Not Apply to Copyright.

The plain language of Section 505 leads to the conclusion that Congress intended an evenhanded approach to the award of fees. However, some courts adopting the dual standard in interpreting Section 505 have analogized

to and relied upon this Court's interpretation of attorney's fee provisions in the context of civil rights legislation. Analogies to the interpretation of similar language in distinctly different statutes, such as the Civil Rights Act of 1964, are improper and must be rejected.

The Civil Rights Act created rights for individuals where none were recognized before. The Copyright Act "secured" to individuals specific limited rights in lieu of their common law rights. The Copyright Act struck a balance between allowing the general public access to creative works and providing a limited monopoly to artists to allow them to profit from the exploitation of their works. There are no similar balancing considerations in the civil rights area.

In refusing to extend the inherent power of the courts to award attorney's fees to the prevailing party under a "private attorney general" theory where the applicable statute fails to do so, the Court in *Alyeska Pipeline Service Co. v. Wilderness Society* noted that Congress has made

> "specific and explicit provisions for the allowance of attorneys' fees under selected statutes granting or protecting various federal rights. These statutory allowances are now available in a variety of circumstances, but they also differ considerably among themselves."

Alyeska Pipeline Service Co. v. Wilderness Society, 421 U.S. 240, 260-61, 95 S.Ct. 1612, 44 L.Ed.2d 141 (1975) (footnote omitted). The Court recognized that in some cases, such as cases brought under the antitrust laws, Congress has made awards of attorney's fees to a prevailing plaintiff mandatory. In other cases, such as in patent litigation, the prevailing party may only be awarded attorney's fees "in

exceptional cases." Other statutes, such as the Civil Rights Act of 1964, allow for awards of attorney's fees to the prevailing party in the discretion of the court. *Id.*, 421 U.S. at 261-262. The Court concluded:

> "Under this scheme of things, it is apparent that the circumstances under which attorneys' fees are to be awarded and the range of discretion of the courts in making those awards are matters for Congress to determine. [¶] It is true that under some, if not most, of the statutes providing for the allowance of reasonable fees, Congress has opted to rely heavily on private enforcement to implement public policy and to allow counsel fees so as to encourage private litigation. Fee shifting in connection with treble-damages awards under the antitrust laws is a prime example; . . . and we have noted that Title II of the Civil Rights Act of 1964 was intended 'not simply to penalize litigants who deliberately advance arguments they know to be untenable but, more broadly, to encourage individuals injured by racial discrimination to seek judicial relief under Title II.' "

Id., 421 U.S. at 262-263 [footnote and citations omitted, quoting *Newman v. Piggie Park Enterprises, Inc.*, 390 U.S. 400, 402, 88 S.Ct. 964, 966, 19 L.Ed.2d 1263 (1968)].

Independent Federation of Flight Attendants v. Zipes, 491 U.S. 754, 109 S.Ct. 2732, 105 L.Ed.2d 639 (1989) addressed the question of under what circumstances attorney's fees could be awarded under Section 706(k) of the Civil Rights Act of 1964 against intervenors who had not been found to have violated the Civil Rights Act or any other federal law. In discussing the limits placed on the district courts' discretion in awarding attorney's fees under Section

706(k), the Court noted that such limits have been found "in 'the large objectives' of the relevant Act, which embrace certain 'equitable considerations.' " *Id.*, 109 S.Ct. at 2735 (citations omitted).

In this case, then, the "large objectives" and "equitable considerations" underlying the *Copyright Act* must be considered in determining what, if any, limits should be placed upon the district courts' discretion in awarding attorney's fees under Section 505 of the Copyright Act. In relying upon cases interpreting attorney's fees provisions of civil rights and other federal laws, those Circuits adopting the "dual standard" for awards of attorney's fees have overlooked or ignored the fact that the Copyright Act embodies very different purposes and policies than those underlying other federal statutes.

The purpose of statutes such as the Civil Rights Act bears little similarity to that of the Copyright Act. While the Copyright Act was designed to promote the creation of new artistic works, the Civil Rights Act was designed to redress violations of civil rights and to provide access to the courts to those who have been discriminated against. *See, e.g., Dennis v. Higgins*, 498 U.S. 439, 111 S.Ct. 865, 879, 112 L.Ed.2d 969 (1991) (Justice Kennedy, dissenting) (awards of attorney's fees under the Civil Rights Attorney's Fees Awards Act of 1976, codified at 42 U.S.C. § 1988, "encourage[] vindication of federal rights which, Congress recognized, might otherwise go unenforced because of the plaintiffs' lack of resources and the small size of any expected monetary recover") (citing S.Rep. No. 94-1011, p. 6 (1976), U.S.Code Cong. & Admin.News 1976, p. 5908). In addition, while the legislative history of the Civil Rights Act clearly *supports* a dual standard in

cases brought under that Act, no such support appears in the legislative history of the Copyright Act.

In *Christiansburg Garment Co. v. E.E.O.C.*, 434 U.S. 412, 98 S.Ct. 694, 54 L.Ed.2d 648 (1978), the Court addressed the standard applicable to awards of attorney's fees to prevailing defendants in actions brought under Title VII of the Civil Rights Act of 1964. The Court first noted that it was established that under § 706(k) of Title VII,[21] a prevailing plaintiff ordinarily was to be awarded attorney's fees in all but special circumstances. *Id.* 434 U.S. at 417. The Court then rejected the argument by the prevailing defendant that the plain meaning of the statute, in making no express distinction between prevailing plaintiffs and defendants, required a conclusion that plaintiffs and defendants should be subject to the same standard in awarding fees. *Id.*, 434 U.S. at 418.

The Court in *Christiansburg* found that there were two strong equitable considerations in favor of attorney's fee awards to prevailing Title VII plaintiffs that are not present with respect to prevailing Title VII defendants: (1) "the plaintiff is the chosen instrument of Congress to vindicate 'a policy that Congress considered of the highest priority;' " and (2) "when a district court awards counsel fees to a prevailing plaintiff, it is awarding them against a violator of federal law." *Id.* The Court held that different equitable considerations are present where a

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[21] Section 706(k) of Title VII provided in full:
"In any action or proceeding under this title the court, in its discretion, may allow the prevailing party, other than the Commission or the United States, a reasonable attorney's fee as part of the costs . . . "

Title VII defendant prevails, and concluded that in Title VII actions, a district court may in its discretion award attorney's fees to a prevailing defendant "upon a finding that the plaintiff's action was frivolous, unreasonable, or without foundation, even though not brought in subjective bad faith." *Id.*, 434 U.S. at 421.

The justification for the dual standard adopted by this Court in *Christiansburg* for Title VII actions simply does not apply to actions brought under the Copyright Act. Unlike the Civil Rights Act, the Copyright Act was not enacted to provide a mechanism for enforcing and vindicating individual rights. Rather, the Copyright Act establishes the parameters of a limited monopoly to those who create original works in order to promote the creation of new works. Copyright plaintiffs are not necessarily at an economic disadvantage to copyright defendants with respect to their abilities to litigate their claims. Plaintiffs in copyright actions are not acting as "private attorney generals" to enforce federal laws, nor are defendants in copyright actions necessarily the violators of federal laws. Rather than seeking to punish violations of federal law, copyright actions generally serve the purpose of clarifying the scope of the limited monopoly created by the Copyright Act. This purpose is furthered whether a copyright plaintiff or defendant prevails, and, unlike actions brought under the Civil Rights Act, there is no legislative history or underlying policy rationale which justifies a distinction between prevailing plaintiffs and defendants in awarding attorney's fees under Section 505 of the Copyright Act.

The defendants in *Lieb, supra,* tried to analogize Section 505 to the Civil Rights Attorney's Fee Awards Act of

1976 (currently codified at 42 U.S.C. § 1988), which has a legislative history that expressly recognizes and supports a double standard in fee awards to prevailing plaintiffs and prevailing defendants. The *Lieb* court rejected this argument, holding that "[s]ubstantially different policy considerations are present; moreover, in the reenactment of the Copyright Act that same year, 1976, Congress did not refer to a double standard." *Lieb, supra,* 788 F.2d at 155.

In rejecting this analogy between different attorney's fee statutes, the *Lieb* court also stated, " 'The public policies to be subserved by the sanction of awarding counsel fees may vary from field to field. Unless cognate policies are to be enforced, the decisions in one field would not be valid analogies to another.' " *Id.* n. 1 (quoting *Cloth v. Hyman,* 146 F.Supp. 185, 192 n. 6 (S.D.N.Y. 1956)). *See also Cohen v. Virginia Elec. & Power Co.,* 617 F.Supp. 619 (E.D.Va. 1985), *aff'd,* 788 F.2d 247 (4th Cir. 1986) (distinguishing attorney's fees under civil rights acts on grounds that legislative history of Copyright Act does not indicate any congressional disposition to limit attorney's fees to defendants).

B. This Court Should Adopt An Evenhanded Approach Which Generally Awards Fees To The Prevailing Party.

The language of Section 505 used by Congress is not restrictive, indicating that there was no intent by Congress to restrict awards of attorney's fees in copyright cases. In contrast, the Lanham Act, codified at 15 U.S.C. §§ 1051-1127 (1988), and the Patent Act, codified at 35

U.S.C. §§ 1-376 (1988), the bodies of law most analogous to the Copyright Act, both state that "[t]he court *in exceptional cases* may award reasonable attorney fees to the prevailing party." 15 U.S.C. § 1117(a); 35 U.S.C. § 285.

The American legal system has traditionally followed the rule that the parties to a lawsuit generally bear their own legal fees. In exceptional cases, fees may be awarded. Fees may also be recovered where they are specially provided for by statute or agreement of the parties in a contract. This is referred to as the "American Rule." *See, e.g., Alyeska, supra,* 421 U.S. at 247. In Great Britain, the rule is to the contrary and attorney fees are generally awarded to the prevailing party. *Id.*, 421 U.S. at 247, n. 18.

Mountains of trees and oceans of ink have been spent on the discussion of which system better promotes justice and advances desirable social ends.[22] Although some

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[22] *See, e.g.*, Edward A. Snyder & James W. Hughes, *The English Rule for Allocating Legal Costs: Evidence Confronts Theory*, 6 J.L. Econ. & Org. 345 (1990); Richard D. Cooter & Daniel L. Rubinfeld, *Economic Analysis of Legal Disputes and Their Resolution*, 27 J. Econ. Literature 1067 (1989); Dobbs, *Awarding Attorney Fees Against Adversaries: Introducing The Problem*, 3 Duke Law Journal 435 (1986); Third Circuit Task Force, *Court Awarded Attorney Fees*, 108 F.R.D. 237 (1985); Symposium, *Attorney Fee Shifting*, Law & Contemp. Probs., Winter 1984, at 1; I.P.L. P'ng, *Stategic Behavior in Suit, Settlement, and Trial*, 14 Bell J. Econ. 539 (1983); Comment, *Court Awarded Attorney's Fees and Equal Access to the Courts*, 122 University of Pennsylvania Law Review, 636 (1974); Richard A. Posner, *An Economic Approach to Legal Procedure and Judicial Administration*, 2 J. Legal Stud. 399 (1973); John P. Gould, *The Economics of Legal Conflicts*, 2 J. Legal Stud. 279 (1973); William M. Landes, *An Economic Analysis of the*

economists and jurists argue to the contrary,[23] it is generally felt that the British rule promotes settlement and thereby reduces litigation.[24] Primarily for this reason, many have called for a general abolition of the American rule and adoption of the British rule.[25]

The concept underlying the British system is that unless there is an award of fees to the prevailing party, that party will not be made "whole" by the legal system. Where a plaintiff recovers a certain amount of money, if

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Courts, 14 J.L. & Econ. 61 (1971); Ehrenzweig, *Reimbursement of Counsel Fees and the Great Society*, 54 California Law Review, 792 (1966); McCormick, C.T., *Counsel Fees and Other Expenses of Litigation as an Element of Damages*, 15 Minnesota Law Review, No. 6:619 (1931).

[23] *See, e.g.* Avery Katz, *Measuring the Demand for Litigation: Is the English Rule Really Cheaper?*, 3 J.L. Econ. & Org. 143 (1987); Richard A. Posner, *An Economic Approach to Legal Procedure and Judicial Administration*, 2 J. Legal Stud. 399 (1973); Richard A. Posner, *Comment on Donohue*, 22 Law & Socy. Rev. 927 (1988).

[24] *See, e.g.* Smith, *Three Attorney Fee-shifting Rules and Contingency Fees: Their Impact on Settlement Incentives*, 90 Mich. L. Rev. 2154 (1992); John J. Donohue III, *Opting for the British Rule, or If Posner and Shavell Can't Remember the Coase Theorem, Who Will?*, 104 Harv. L. Rev. 1093 (1991).

[25] *See, e.g.* Philip S. Figa, *The "American Rule" Has Outlived its Usefulness; Adopt the "English Rule,"* Natl. L.J., Oct. 20, 1986; Phillip A. Middleton, *To the Victor, the Spoils: Proposal to Abandon the American Rule*, 41 Mo. Bar J. 79 (1985); Mathew B. Wills & Neil Gold, *Attorneys' Fees in Litigation: Time to Discard the American Rule?*, Litig., Spring 1978; Ehrenzweig, *Reimbursement of Counsel Fees and the Great Society*, 54 California Law Review, 792 (1966); Kuenzel, *The Attorney's Fee: Why Not A Cost of Litigation?*, 49 Iowa Law Review, 75 (1963). Others have advocated adoption of a modified British rule. *See President's Council On Competitiveness, Agenda For Civil Justice Reform in America* 1 (1991).

he has to pay a portion of it to his attorney without reimbursement by the defendant, he will not fully recover for his loss. Similarly, if a defendant prevails but has to pay attorney's fees, he is to that extent a "loser," even though he "won" the lawsuit.

The concept underlying the American system is that poor plaintiffs will be deterred from filing lawsuits if they face the threat of having to pay an award (often substantial) of attorney fees to the prevailing defendant's counsel.[26] The American rule is premised on the policy that dispensing "justice" to the plaintiff should not be chilled by the fear of an award of legal fees.[27] Defenders of the American rule can be characterized as "plaintiff oriented" and defenders of the British system as "defense oriented," although prevailing plaintiffs would recover fees under the British system and losing defendants do not have to pay legal fees to the plaintiff under the American system.[28]

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[26] For example, Ralph Nader denounced a Bush administration proposal to move partially toward the British rule, saying "corporate goliaths" would use the rule to "intimidate victims." Public Citizen press release (Aug. 13, 1991), quoted in Daily Rep. For Executives (BNA), Aug. 14, 1991, at A3 and in Smith, *supra* at 2155, n.6.

[27] *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714, 718, 87 S.Ct. 1404, 18 L.Ed.2d 475 (1967). This suggestion has been said to be "not only questionable economics but also a pure anachronism." Leubsdorf, *Toward a History of the American Rule on Attorney Fee Recovery*, 44 Law & Contemp. Probs. 9, 10 (1981).

[28] Under the American rule, many defense counsel complain about the coercion of defendants to settle "strike" suits resulting from the threat of incurring substantial legal fees, which they will not be able to recover from the plaintiff, even though the plaintiff's case lacks merit.

Whatever may be the outcome of this great debate, by enacting Section 505 without any specific or further discussion of its intention, Congress was making a deliberate choice in the area of copyrights to opt for the "British Rule" in lieu of the "American Rule," *i.e.*, that the general rule should be to award fees to the prevailing party, whether it be the plaintiff or defendant, absent exceptional circumstances. *Cf. Blanchard v. Bergeron*, 489 U.S. 87, 89 n. 1, 109 S.Ct. 939, 942, 103 L.Ed.2d 67 (1989) (although 42 U.S.C. § 1988 allows awards of attorney's fees to prevailing party in discretion of court, discretion is not without limit and prevailing party "should ordinarily recover an attorney's fee unless special circumstances would render such an award unjust"); Philip S. Figa, *The "American Rule" Has Outlived its Usefulness; Adopt the "English Rule,"* Natl. L.J., Oct. 20, 1986, p. 13 ("This concept of fee-shifting is discretionary by English statute; in practice, however, such awards are the norm").

C. The Court Should Direct That an Award of Fees Be Entered in Favor of Fogerty.

Because the appropriate standard governing the district court's discretion under Section 505 should be an evenhanded standard under which the prevailing party, whether plaintiff or defendant, is awarded its fees absent unusual circumstances, the Court should reverse and remand this action to the district court with a direction to enter an award of attorney's fees in favor of Petitioner.

This is not a case where "exceptional circumstances" exist which would warrant denial of an award of fees. Applying the considerations discussed above, this case represents the paradigm case for the award of attorney fees to the prevailing party: Fogerty.

Fogerty has incurred more than $1,000,000 in legal fees and costs which he has sought to have awarded to him pursuant to Section 505. This is an enormous sum for an individual to have to incur to defend against a meritless copyright infringement claim. This is a particularly onerous burden for Fogerty to bear in light of the animosity between Fogerty and Fantasy and Zaentz.[29] Having litigated this case through to a successful conclusion, Fogerty should not wind up a "loser" by having to bear the unjust burden of the enormous fees and costs he had to incur.

In this action, Fantasy claimed that "Old Man" was a copy of "Jungle," and Fogerty successfully demonstrated that "Old Man" was an originally-created work, thereby validating Fogerty's copyright in "Old Man." Under such circumstances, Fogerty's vigorous defense of the copyright action furthered the purposes of the Copyright Act in promoting the progress of the arts and protecting an author's original creation. Fogerty is thus entitled to be

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[29] Fogerty had a serious argument that this action had been brought in bad faith against him by Zaentz in retaliation for what Zaentz felt were the defamatory lyrics in "Zanz Kant Danz," a song on the same album. (JA 13-24; RT 908-911; 1136-1137.) This argument was rejected by the District Court, seemingly on the ground that since the lawsuit was not frivolous, it could not have been brought in bad faith. (App. A-23 at A-30 to 32.)

made whole and to recoup the substantial attorney's fees he was forced to incur in defending his copyrighted work.

XI.

CONCLUSION

For the foregoing reasons, the Court should hold that the district courts should apply an evenhanded standard in exercising their discretion under Section 505 of the Copyright Act and should award attorney's fees to the prevailing party as a matter of course unless exceptional circumstances are present. The Court should thus reverse the rulings of the courts below and remand with a direction that an award of reasonable attorney's fees be entered in favor of Petitioner.

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No. 92-1750

In the Supreme Court of the United States

OCTOBER TERM, 1993

JOHN C. FOGERTY, *Petitioner,*

v.

FANTASY, INC., *Respondent.*

On Writ of Certiorari
To The United States Court of Appeals
For The Ninth Circuit

BRIEF FOR THE RESPONDENT

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QUESTION PRESENTED

Whether, under Section 505 of the Copyright Act, 17 U.S.C. 505, a prevailing defendant in a copyright infringement action may recover attorney's fees without a showing that the plaintiff's infringement action was frivolous or otherwise objectively unreasonable.

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In the Supreme Court of the United States

OCTOBER TERM, 1993

No. 92-1750

JOHN C. FOGERTY, *Petitioner,*

v.

FANTASY, INC., *Respondent.*

On Writ of Certiorari
To The United States Court of Appeals
For The Ninth Circuit

BRIEF FOR THE RESPONDENT

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. A-1 to A-22) is reported at 984 F.2d 1524. The district court's order denying the award of attorney's fees (Pet. App. A-23 to A-33) is unreported.

JURISDICTION

The judgment of the court of appeals was entered on February 2, 1993. The petition for a writ of certiorari was filed on April 30, 1993, and was granted on June 21, 1993. The jurisdiction of this Court rests on 28 U.S.C. 1254.

STATUTE AND CONSTITUTIONAL PROVISION INVOLVED

Section 505 of the Copyright Act, 17 U.S.C. 505, provides:

> In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

Article I, Section 8, clause 8 of the United States Constitution provides that Congress shall have the power

> To Promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

STATEMENT

A. The Statutory Framework

Under the Copyright Act of 1976, 17 U.S.C. 101, *et seq.*, the copyright in a work "vests initially in the author or authors of the work" (17 U.S.C. 201(a)), but may thereafter "be transferred in whole or in part" by "an instrument of conveyance, or a note or memorandum of the transfer" that "is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent" (17 U.S.C. 201(d), 204(a)). Upon the transfer, the new copyright owner enjoys all of "the rights specified by section 106" (17 U.S.C. 201(d)(2)), including the exclusive right "to reproduce the copyrighted work in copies or phonorecords" (17 U.S.C. 106(1)). "Anyone who violates any of the exclusive rights of the copyright owner * * * is an infringer of the copyright." 17 U.S.C. 501(a). In that event, "[t]he legal * * * owner of an exclusive right under a copyright is entitled * * * to

institute an action for any infringement of that particular right committed while he or she is the owner of it." 17 U.S.C. 501(b).

If successful in proving infringement, the copyright owner may be granted injunctive relief (17 U.S.C. 502), impoundment or destruction of the infringing articles (17 U.S.C. 503), actual damages and profits (17 U.S.C. 504(b)), or statutory damages (17 U.S.C. 504(c)). Moreover, pursuant to Section 505 (17 U.S.C. 505), the court may also award costs and attorney's fees to the prevailing party. Section 505 states:

> In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

B. The Present Controversy

1. Petitioner John Fogerty is a popular music performer and songwriter who, as a member of the band Creedence Clearwater Revival, recorded several highly successful record albums in the late 1960's and early 1970's. In 1968 and 1969, petitioner entered into music publishing agreements with Cireco Music and Galaxy Records, pursuant to which petitioner transferred the copyright in the compositions written thereunder in exchange for royalties, which, as of 1985, had totalled approximately $2.25 million. *Fantasy, Inc.* v. *Fogerty*, 664 F. Supp. 1345, 1354 (N.D. Cal. 1987). By assignment, respondent became the owner of those copyrights, including the copyright in a song entitled "Run Through the Jungle" ("Jungle") that petitioner had composed in 1970. Pet. App. A-5; *Fantasy, Inc.* v. *Fogerty*, 654 F. Supp. 1129, 1130 (N.D. Cal. 1987).

Petitioner ceased recording for respondent's predecessors in 1972 and contracted with Elektra/Asylum, a division of Warner Communications Co., in 1974. In 1984, petitioner signed a contract with Warner Brothers Record Co. -- also a division of Warner Communications. That same year, petitioner wrote and recorded a song entitled "Old Man Down the Road" ("Old Man"), which Warner Brothers released and distributed throughout the world on a record album entitled "Centerfield." Pet. App. A-5; *Fantasy, Inc.* v. *Fogerty*, 664 F. Supp. at 1347.

Note for note, "Old Man" and "Jungle" were virtually identical. Indeed, "even one of [petitioner's] expert witnesses, Harold Barlow, had to concede that the two songs had many notes in common. According to Barlow's count, 'Jungle,' 52 notes, and 'Old Man,' 66 notes, had 36 notes in common."[1] Music critics who reviewed "Old Man" noted the resemblance as well, describing the song as "musically a retread," "a musical reworking," and "reminiscent" of "Jungle." RT 859:23-864:23; SER 175 ¶ 7 & Exh. X; SER 429 ¶ 15 & Exh. 3; SER 427 ¶ 2 & Exh 1.[2] Other former members of Creedence Clearwater Revival were less charitable: "If he was going to copy an old Creedence tune," Stuart Cook stated, "he should have picked 'Proud Mary' instead of 'Run Through The Jungle.'" J.A. 3.

Before filing suit, however, respondent secured the advice of Dr. Paul Tanner, a prominent musicologist who

[1] Sidle, *Fantasy Records v. John Fogerty*, Los Angeles Lawyer (April 1990), at 45.

[2] "RT" refers to the Reporter's Transcript of the trial; "SER" refers to the Supplemental Excerpts of Record filed in the court of appeals.

later testified for respondent at trial.[3] After comparing the two compositions, Dr. Tanner stated that "the similarities between the two are so strong as to make them virtually identical musically." J.A. 9. In particular, he noted, "[t]he tempos are virtually the same"; "[t]he harmonic pattern in which the melody is performed is identical"; "[b]oth follow the identical structure of an eight-bar verse and a short chorus"; and "[b]oth follow virtually the identical melody line." *Ibid.* In short, Dr. Tanner concluded, the two pieces were "substantially similar" and "such differences as may exist between the two melodies are insubstantial and indeed insignificant." J.A. 11-12.[4]

2. Respondent filed this action for copyright infringement in July 1985. Prior to trial, the district court upheld respondent's copyright in "Jungle" and ruled that petitioner, although the author of the song, could nevertheless be held liable for copyright infringement. Pet. App. A-24; *Fantasy, Inc.* v. *Fogerty*, 654 F. Supp. at 1132. The trial court also found "that reasonable minds could differ as to the absence or existence of substantial similarity between Jungle and Old Man." *Fantasy, Inc.* v. *Fogerty*, 664 F. Supp. at 1350. Following a trial -- during which petitioner, a seasoned performer, was allowed, over objection, to play his

[3] In addition to serving as Professor of Music at UCLA for 23 years, and authoring one of the most widely used college texts on jazz, Dr. Tanner had previously performed for more than four years with the Glenn Miller band, as well as with classical orchestras under the direction of such conductors as Leonard Bernstein, Zubin Mehta, Eugene Ormandy, Andre Previn, and Arturo Toscanini. J.A. 6.

[4] Three other musicologists consulted by respondent agreed that "Jungle" and "Old Man" were substantially similar. J.A. 52.

guitar and sing for the jury no fewer than 65 times[5] -- the jury returned a verdict in petitioner's favor on the infringement claim. Pet. App. A-6.

Petitioner thereafter moved for more than $1,000,000 in attorney's fees and costs pursuant to Section 505 of the Copyright Act. The district court granted an award of costs, but denied petitioner's request for fees. Pet. App. A-30 to A-32. The court explained that under well-settled precedent in the Ninth Circuit, "[w]here a prevailing defendant is the moving party, a finding of bad faith or frivolity on the plaintiff's part is a predicate to an award of attorneys' fees." *Id.* at A-30. Applying that standard, the trial court found that "[respondent's] infringement suit was not brought frivolously nor in bad faith." *Id.* at A-31. "Although the facts of this case did not present the textbook scenario of copyright infringement," the court emphasized that it had itself concluded that petitioner "could indeed be held liable for copyright infringement even where he also wrote the song allegedly infringed." *Ibid.* Moreover, the court stated, respondent's lawsuit was not frivolous "merely because it presented a case of first impression." *Ibid.*

3. The court of appeals affirmed. Pet. App. A-1 to A-22. The court noted that, under its precedent, "a prevailing defendant may not be awarded attorneys' fees under § 505 unless it can be demonstrated that the action was frivolous or was instituted or prosecuted in bad faith." *Id.* at A-19. "The purpose of that rule," the court explained, "is to avoid chilling a copyright holder's incentive to sue on colorable claims, and thereby to give full effect to the broad protection for copyrights intended by the Copyright Act." *Id.* at A-19 to A-20. Reviewing the evidence, the court of appeals concluded that "[t]he district court did not clearly err

[5] RT 656, 666, 676-682, 684, 691, 693-694, 696, 699-703, 709, 715, 725-727, 732, 750-752, 754-758, 760-761, 763-764.

in finding that the copyright action was not brought in bad faith, nor did it abuse its discretion in following Ninth Circuit precedent and denying [petitioner's] motion for attorneys' fees." *Id.* at A-22.

SUMMARY OF ARGUMENT

A. The language of Section 505, construed in light of this Court's fee-shifting decisions, supports the Ninth Circuit's standard. Although this Court has not had occasion to consider Section 505 in particular, it *has* considered several fee-shifting provisions with identical language. In *Christiansburg Garment Co.* v. *EEOC*, 434 U.S. 412 (1978), this Court, construing the identically worded fee-shifting provision in Title VII of the Civil Rights Act of 1964, held that "a district court may in its discretion award attorney's fees to a prevailing defendant" only "upon a finding that the plaintiff's action was frivolous, unreasonable, or without foundation." 434 U.S. at 421. In view of this Court's frequent reminder that "fee-shifting statutes' similar language is 'a strong indication' that they are to be interpreted alike" (*Independent Federation of Flight Attendants* v. *Zipes*, 491 U.S. 754, 758 n.2 (1989)), prevailing defendants under Section 505 should be subject to the same standard articulated in *Christiansburg Garment*.

B. In construing fee-shifting provisions, this Court has examined not only the statutory language, but also "'the large objectives'" and "'equitable considerations'" that underlie the statute as a whole. *Zipes*, 491 U.S. at 758-759. In this case, the "objectives" and "equitable considerations" underlying the Copyright Act strongly support the Ninth Circuit's construction of Section 505. First, the Ninth Circuit's rule promotes the vigorous enforcement of the Copyright Act -- a policy deeply embedded in both the congressional design and the purposes of the Copyright Clause itself. Second, the Ninth Circuit's rule properly refuses to shift fees where the plaintiff, although unsuccessful, was not in any sense a

"wrongdoer." The rule thus "distinguishe[s]" -- as petitioner's "British Rule" plainly does not -- "between wrongdoers and the blameless" (*Zipes*, 491 U.S. at 763). Third, the Ninth Circuit's rule enhances the "predictability and certainty of copyright ownership" (*Community For Creative Non-Violence* v. *Reid*, 490 U.S. 730 (1989)), by providing a reasonably certain benchmark for the award of counsel fees in enforcement actions. Finally, even as it provides incentives for the vigorous enforcement of the underlying statutory right, the Ninth Circuit's rule also affords copyright defendants sufficient incentives to litigate their defenses. In short, the Ninth Circuit's rule best accommodates all of "the competing equities that Congress normally takes into account" (*Zipes*, 491 U.S. at 761).

C. The legislative history of Section 505 confirms that Congress intended prevailing defendants to recover attorney's fees only if the plaintiff's lawsuit was frivolous or otherwise unreasonable. By reenacting without change the fee-shifting provision of the 1909 Copyright Act in the 1976 revision of the Act, Congress adopted the longstanding judicial construction of that earlier provision. And under that earlier provision, the courts had uniformly held that prevailing defendants should be awarded attorney's fees if, but only if, the plaintiff's claim was frivolous. That well-settled judicial construction, moreover, was expressly called to Congress' attention by the Register of Copyrights, who explicitly endorsed that standard during the revision process.

ARGUMENT

A PREVAILING DEFENDANT IS ENTITLED TO ATTORNEY'S FEES UNDER SECTION 505 OF THE COPYRIGHT ACT ONLY IF HE SHOWS THAT THE PLAINTIFF'S LAWSUIT WAS FRIVOLOUS OR OTHERWISE OBJECTIVELY UNREASONABLE

Section 505 of the Copyright Act, 17 U.S.C. 505, provides in pertinent part that in any copyright infringement action "the court in its discretion may * * * award a reasonable attorney's fee to the prevailing party as part of the costs." By its terms, of course, Section 505 reserves attorney's fees only to "prevailing parties." But as this Court recently explained, "[t]o say that *only* the prevailing party gets fees is not to say that the prevailing party's interests are always first and foremost in determining *whether* he gets them." *Independent Federation of Flight Attendants* v. *Zipes*, 491 U.S. 754, 760 (1989) (emphasis in original). To the contrary, this Court "decided long ago that in some circumstances the interests of the losing party *trump* those of the prevailing party * * * so that the latter cannot obtain fees." *Ibid.* (emphasis in original). That inquiry -- whether "the interests of the losing party *trump* those of the prevailing party" -- must, in turn, be guided by "'the large objectives'" and "'equitable considerations'" of the underlying statute as a whole, and of fee-shifting provisions in general. *Id.* at 759.

Looking to such "large objectives" and "equitable considerations," the courts of appeals have *uniformly* held that the reasonableness of a copyright plaintiff's claim is a critical factor in deciding whether a prevailing defendant should receive attorney's fees under Section 505. Indeed, the majority of the circuits (including the court below, as well as the District of Columbia, Second, and Seventh Circuits) regard that factor as *dispositive* -- holding that a prevailing defendant may recover fees *only* if the plaintiff's claim is

objectively unreasonable.[6] These circuits -- which routinely adjudicate by far the greatest number of copyright cases[7] -- have recognized that "[f]ees to a prevailing defendant should not be awarded when the plaintiff's claim is colorable since such awards would diminish the intended incentive to bring such claims." *Diamond*, 745 F.2d at 148. And even the other three circuits that have addressed the question recognize that the objective unreasonableness of the plaintiff's lawsuit is a crucial, if not necessarily dispositive, factor in deciding whether to shift attorney's fees. See 3 *Nimmer on Copyright* (Melville B. Nimmer and David Nimmer eds. 1992), 14.10[D], at 14-119 to 14-129.[8]

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[6] See, *e.g.*, *McCulloch* v. *Albert E. Price, Inc.*, 823 F.2d 316, 322-323 (9th Cir. 1987); *Video Views, Inc.* v. *Studio 21, Ltd.*, 925 F.2d 1010, 1022 (7th Cir.), cert. denied, 112 S. Ct. 181 (1991); *Reader's Digest Ass'n, Inc.* v. *Conservative Digest, Inc.*, 821 F.2d 800, 809 (D.C. Cir. 1987); *Diamond* v. *Am-Law Publishing Co.*, 745 F.2d 142, 148 (2d Cir. 1984).

[7] For example, a LEXIS search reveals that over the past 25 years, these four circuits have decided approximately 75% of the cases involving fee eligibility under Section 505 and its identically-worded precursor, Section 116 of the 1909 Copyright Act.

[8] See, *e.g.*, *Rosciszewski* v. *Arete Assoc.*, No. 92-2122, 2390, 1993 U.S. App. LEXIS 19511, at *26 (4th Cir. July 29, 1993) (in awarding counsel fees, courts should consider various aspects of plaintiff's claim, including "frivolous[ness]," "motivation," and "objective unreasonableness); *Sherry Mfg. Co.* v. *Towel King of Florida, Inc.*, 822 F.2d 1031, 1034 (11th Cir. 1987) ("a finding by the district court that [a losing plaintiff] brought a colorable copyright claim in good faith would amply justify a denial of fees," because such claims are "of the type which 'section 505 is intended in part to encourage'"); *Lieb* v. *Topstone Indus., Inc.*, 788 F.2d 151, 156 (3d Cir. 1986) (in awarding counsel fees, courts should consider various aspects of plaintiff's claim, including "frivolousness," "motivation," and "objective unreasonableness").

Venturing into this debate -- in which the courts of appeals have differed mainly in emphasis, and not in outcome -- petitioner now proffers a wholly unprecedented alternative. In his view, "by enacting Section 505 without any specific or further discussion of its intention, Congress was making a deliberate choice in the area of copyrights to opt for the 'British Rule' in lieu of the 'American Rule.'" Br. 41. Accordingly, petitioner reasons, "the general rule should be to award fees to the prevailing party, whether it be the plaintiff or defendant, absent exceptional circumstances." *Ibid.*

The majority rule is correct. The statutory language (as construed by this Court in related contexts), the purposes and policies of the Copyright Act, and the legislative history of Section 505 confirm that prevailing defendants should be awarded attorney's fees under Section 505 only if the plaintiff's lawsuit was objectively unreasonable.[9] Conversely, petitioner's suggestion that Section 505 embraces the "British Rule" on fee-shifting is plainly mistaken. It lacks any support in the text, history, or purpose of the statute. And not surprisingly, petitioner's construction of Section 505 has never (to our knowledge) been adopted by *any* court that has considered the issue.

We note one further preliminary point: petitioner argues at length that the rule for prevailing defendants under Section 505 should be the same as the rule for prevailing plaintiffs -- or, as he puts it, that an "evenhanded standard" under Section

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[9] Throughout the brief, we use the term "prevailing defendant" to refer to litigants that have successfully opposed a claim of infringement, whether through a successful defense of a copyright claim or counterclaim, or through a declaratory judgment action brought to establish the absence of infringement. Thus, petitioner's quibble at pages 26-27 of his brief -- that the Ninth Circuit's standard is "easily circumvented" by simply realigning the parties -- is unavailing.

505 is preferable to "a dual standard" (Br. 12). That question is simply not presented in this case. This case involves only a prevailing *defendant*, not a prevailing *plaintiff*, and there is accordingly no occasion for deciding whether the standard for prevailing plaintiffs should be the same ("evenhanded") or different ("dual") from the standard for prevailing defendants. Only the standard for prevailing defendants is presented in this case, and the Ninth Circuit's articulation of that standard (followed by the majority of circuits that have decided the issue) is plainly correct.[10]

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[10] The court below, like many of the other courts adopting the majority rule, stated that prevailing defendants are entitled to attorney's fees not only when the plaintiff has brought a frivolous claim, but also when he proceeded in "bad faith." Pet. App. A-19. We agree that prevailing defendants should be entitled to counsel fees when their adversary has litigated in bad faith. We do not believe, however, that Section 505 should be construed to incorporate a bad faith criterion. As this Court explained in *Alyeska Pipeline Service Co.* v. *Wilderness Society*, 421 U.S. 240 (1975), and reiterated in *Christiansburg Garment Co.* v. *EEOC*, 434 U.S. 412 (1978), "it has long been established that even under the American common-law rule attorney's fees may be awarded against a party who has proceeded in bad faith." *Id.* at 419. Section 505 should be read to complement, rather than to restate, the common law rule identified in *Alyeska Pipeline* and *Christiansburg*.

Relying on this "bad faith" criterion, petitioner suggests that respondent initiated and litigated this case because of certain "antagonism" toward petitioner (Br. 5 n.7). The trial court expressly rejected that contention, and the court of appeals affirmed. Pet. App. A-22, A-31. Petitioner offers no reason to disturb those fact-bound conclusions.

A. The Language Of Section 505, Construed In Light Of This Court's Fee-Shifting Decisions, Supports The Ninth Circuit's Standard

1. Section 505 provides in pertinent part that in all copyright infringement actions the trial court "may * * * award a reasonable attorney's fee to the prevailing party as part of the costs." Like many other fee-shifting provisions (see *Alyeska Pipeline Service Co.* v. *Wilderness Society*, 421 U.S. at 261 n.35), Section 505 authorizes the award of attorney's fees to "prevailing parties" but is otherwise silent as to whether, and how, the trial courts should exercise the discretion to award such fees. In *Christiansburg Garment Co.* v. *EEOC*, 434 U.S. 412 (1978), however, this Court, construing a fee-shifting provision with language identical to Section 505, adopted exactly the rule applied by the Ninth Circuit in this case.

Like Section 505, Section 706(k) of Title VII of the Civil Rights Act of 1964 provides in pertinent part that "[i]n any action or proceeding under this subchapter the court, in its discretion, may allow the prevailing party * * * a reasonable attorney's fee * * *." 42 U.S.C. 2000e-5(k). The question in *Christiansburg Garment* was how a court should exercise its discretion when (as in the present case) the defendant is the prevailing party. The Court explained that although prevailing *plaintiffs* "'should ordinarily recover an attorney's fee unless special circumstances would render such an award unjust,'" there were "two strong equitable considerations" that counseled a narrower standard for prevailing defendants. 434 U.S. at 416-17, 418.

First, the Court stated, the fee-shifting provision must be construed so as not to chill enforcement of the underlying statutory rights. "[T]he plaintiff is the chosen instrument of Congress to vindicate a 'policy that Congress considered of the highest priority.'" 434 U.S. at 418. To "assess[] attorney's fees against plaintiffs simply because they do not

finally prevail," the Court observed, "would substantially add to the risks inhering in most litigation and would undercut the efforts of Congress to promote the vigorous enforcement of the provisions of Title VII." *Id.* at 422.

Second, the Court explained, the fee-shifting provision must be construed so that counsel fees are ordinarily borne by the party that has violated the underlying statutory rights. "[W]hen a district court awards counsel fees to a prevailing plaintiff," the Court stated, "it is awarding them against a violator of federal law." 434 U.S. at 418. Conversely, when the defendant prevails, the losing plaintiff has typically done nothing wrong (unless his claim was objectively unreasonable).

Finally, the Court emphasized that the fee-shifting provision must be construed to permit "the adversary judicial process" to function (434 U.S. at 419). "A fair adversary process," the Court noted, "presupposes both a vigorous prosecution and a vigorous defense" -- goals that are fully served by construing the fee-shifting provision to permit a prevailing defendant to "recover[] his expenses in resisting * * * a groundless action" (*ibid.*).

Weighing those three fundamental objectives -- encouraging enforcement of the underlying statutory rights; penalizing actual wrongdoing; and providing incentives for a vigorous defense -- the Court adopted (in the Title VII context) precisely the same rule as the Ninth Circuit applied in this case under Section 505. The Court held that "a district court may in its discretion award attorney's fees to a prevailing defendant" only "upon a finding that the plaintiff's action was frivolous, unreasonable, or without foundation." 434 U.S. at 421.

2. Section 505 is worded identically to Section 706(k), and as the Court recently explained in *Independent Federation of Flight Attendants* v. *Zipes*, 491 U.S. 754 (1989), "fee-shifting statutes' similar language is 'a strong indication' that

they are to be interpreted alike." *Id.* at 758 n.2. "[S]imilar attorney's fee provisions," this Court has consistently observed, "should be interpreted *pari passu*." *Ruckelshaus* v. *Sierra Club*, 463 U.S. 680, 691-692 (1983).[11] It follows that this Court's construction of Section 706(k) in *Christiansburg Garment* applies equally to Section 505.[12]

This Court's decision in *Hensley* v. *Eckerhart*, 461 U.S. 424 (1983), confirms that conclusion. In *Hensley*, the Court, speaking broadly, stated that "[t]he standards set forth in this opinion are generally applicable in *all* cases in which Congress has authorized an award of fees to a 'prevailing party.'" *Id.* at 433 n.7 (emphasis added). Among the "standards" identified in the Court's opinion was the rule in *Christiansburg Garment*: "A prevailing defendant may recover an attorney's fee only where the suit was vexatious, frivolous, or brought to harass or embarrass the defendant." *Id.* at 429 n.2. See also *id.* at 435 n.10 ("[i]f the [plaintiff's] unsuccessful claim is frivolous, the defendant may recover attorney's fees incurred in responding to it"). It follows that Section 505 -- in which Congress has likewise "authorized an

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[11] Accord, *City of Burlington* v. *Dague*, 112 S. Ct. 2638, 2641 (1992) (language of Section 7002(e) of the Solid Waste Disposal Act "is similar to that of many other federal fee-shifting statutes" and "our case law construing what is a 'reasonable' fee applies uniformly to all of them"); *Northcross* v. *Board of Educ. of the Memphis City Schools*, 412 U.S. 427, 428 (1973) (per curiam) (similar language in two attorney's fees provisions provides a "strong indication that the two statutes should be interpreted *pari passu*").

[12] See also *West Virginia Univ. Hospitals, Inc.* v. *Casey*, 111 S. Ct. 1138, 1148 (1991) ("[w]here a statutory term * * * is ambiguous, we construe it to contain that permissible meaning which fits most logically and comfortably into the body of both previously and subsequently enacted law * * *").

award of fees to a 'prevailing party'" -- should embrace the identical standard for awards to prevailing defendants.[13]

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[13] Petitioner contends that "[a]nalogies to the interpretation of similar language" in the civil rights statutes "are improper and must be rejected" (Br. 32). In his view, whereas copyright defendants "provide a benefit to the general public" by litigating their position, "[t]here are no similar balancing considerations in the civil rights area" (Br. 22, 32). Moreover, he asserts, unlike the Copyright Act, the civil rights acts were "designed to redress violations of civil rights and to provide access to the courts to those who have been discriminated against" (Br. 34).

These purported distinctions are mistaken. First, as the Court recognized in *Christiansburg Garment*, even in civil rights cases "there are equitable considerations on both sides" (434 U.S. at 422-423 n.20), and defendants, like plaintiffs, will often "provide a benefit to the general public" by litigating their position. Second, awards of attorney's fees under the civil rights acts are not limited to plaintiffs "who have been discriminated against." Under 42 U.S.C. 1988, prevailing plaintiffs may recover attorney's fees in cases brought under 42 U.S.C. 1983 (see *West Virginia University Hospitals, Inc.*, 111 S. Ct. at 1140 & n.1); and Section 1983 entitles plaintiffs to sue on a wide array of federal constitutional or statutory claims that have little or nothing to do with "discrimination" as such. See, *e.g.*, *Dennis* v. *Higgins*, 498 U.S. 439 (1991) (motor carriers may sue under Section 1983 to challenge state taxes that allegedly violate the Commerce Clause); *Wilder* v. *Virginia Hosp. Ass'n*, 496 U.S. 498 (1990) (health care providers may sue under Section 1983 to challenge the method by which States provide reimbursement under the Medicaid Act); *Golden State Transit Corp.* v. *Los Angeles*, 493 U.S. 103 (1989) (taxicab franchise may sue under Section 1983 to challenge city's interference in a labor dispute in violation of the National Labor Relations Act); *Wright* v. *Roanoke Redevelopment and Housing Authority*, 479 U.S. 418 (1987) (public housing tenants may sue under Section 1983 to challenge the failure to include a "reasonable" allowance for utilities in rents charged under the Housing Act of 1937). This Court has consistently "refused to

3. By contrast, the language of Section 505 provides no support for petitioner's construction of the statute. In petitioner's view, Section 505 incorporates "the British Rule," under which, he asserts, courts should "award fees to the prevailing party, whether it be the plaintiff or defendant, absent exceptional circumstances" (Br. 41).

In addition to being wholly unprecedented, petitioner's construction of Section 505 is also quite radical -- reflecting as it does the boldest possible departure from the American Rule backdrop against which Congress legislated. As the Court explained in *Alyeska Pipeline*, under the so-called American Rule, "the prevailing party may not recover attorneys' fees as costs or otherwise." 421 U.S. at 245. True, Congress does "make specific and explicit provisions for the allowance of attorneys' fees under selected statutes granting or protecting various federal rights." *Id.* at 260. And Section 505 plainly *is* such a provision, requiring at least *some* departure from the common law tradition. But before drawing the *opposite* inference -- that Congress intended fee shifting in *all* but "exceptional" circumstances -- one would expect a clear indication in the statutory language that such a dramatic change was intended. See *Isbrandtsen Co.* v. *Johnson*, 343 U.S. 779, 783 (1952) ("[s]tatutes which invade the common law * * * are to be read with a presumption favoring the retention of long-established and familiar principles, except when a statutory purpose to the contrary is evident").

In fact, however, petitioner's proposed standard finds no support in the language of Section 505. Indeed, petitioner does not point to any language at all, only the *absence* of

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limit * * * § 1983 to civil rights or equal protection" claims. *Dennis* v. *Higgins*, 498 U.S. at 445.

language.[14] As he puts it, "[t]he language of Section 505 used by Congress is not restrictive, indicating that there was no intent by Congress to restrict awards of attorney's fees in copyright cases" (Br. 37). But the text of Section 505 "does not even invite, let alone require, such a mechanical construction." *Christiansburg Garment*, 434 U.S. at 418. Indeed, Congress' use of discretionary language in Section 505 suggests, if anything, that courts must use *judgment*, based on the facts of the case, before shifting counsel fees. The Ninth Circuit's rule satisfies that requirement. Petitioner's "British Rule" plainly does not.[15]

What is more, when Congress *intends* to enact mandatory fee-shifting statutes -- including statutes embracing the

[14] Petitioner also relies on this Court's decision in *Blanchard* v. *Bergeron*, 489 U.S. 87 (1989), for the proposition that a "prevailing party 'should ordinarily recover an attorney's fee unless special circumstances would render such an award unjust'" (Br. 41). Petitioner neglects to mention, however, that, in construing 42 U.S.C. 1988, *Blanchard* was speaking of prevailing *plaintiffs* only. Prevailing defendants, by contrast, do not recover attorney's fees under Section 1988 unless "the plaintiff's underlying claim is 'frivolous, unreasonable, or groundless.'" *Roadway Express, Inc.* v. *Piper*, 447 U.S. 752, 762 (1980).

[15] Even Professor Jaszi, whose article petitioner cites repeatedly with approval (Br. 13, 14, 15, 22, 23), rejects the "British Rule" construction of Section 505 on the grounds that such an approach would "depriv[e] courts of their discretion to take fully [into account] interests implicated in particular cases." Jaszi, *505 And All That -- The Defendant's Dilemma*, 55 Law and Contemp. Prob. 107, 121 n.47 (1992). Amicus curiae supporting petitioner likewise rejects petitioner's "British Rule" construction, in light of the fact that Section 505 leaves fee awards "to the court's discretion." *Brief Amicus Curiae of Hewlett-Packard in Support of Petitioner* at 7 n.4.

"British Rule" -- it plainly knows how to do so.[16] Indeed, Congress did just that when, in the 1909 Act, it made the award of costs to a prevailing party *mandatory*, while leaving the award of counsel fees discretionary. *Lieb*, 788 F.2d at 155-156. In short, if Congress intended to incorporate the English fee-shifting rule in the Copyright Act, it "selected language remarkably inapposite for its purpose" (*Cheng Fan Kwok* v. *Immigration & Naturalization Service*, 392 U.S. 206, 213 (1968)).

Finally, petitioner's "British Rule" for prevailing defendants rests on the mistaken premise that prevailing *plaintiffs* likewise receive attorney's fees in all but "exceptional circumstances." That is simply not the case: even in the circuits that apply the most generous standard for prevailing plaintiffs under Section 505, fee awards are not automatic, but may instead be denied on such grounds as the absence of willful conduct by the defendant (*Roulo* v. *Russ Berrie & Co.*, 886 F.2d 931, 942-943 (7th Cir. 1989), cert. denied, 493 U.S. 1075 (1990)), the magnitude of the award of profits to the plaintiff (*ibid.*), the novelty or complexity of the legal issues (*McCulloch*, 823 F.2d at 323), or plaintiff's bad faith conduct (*ibid.*).

[16] In a wide array of statutes, Congress has explicitly adopted mandatory fee-shifting provisions, in favor of either one party to the lawsuit, see, *e.g.*, the Home Owners Loan Act of 1933, 12 U.S.C. 1464(q)(3); the Omnibus Crime Control and Safe Streets Act of 1968, 18 U.S.C. 2520; the Merchant Marine Act of 1936, 46 U.S.C. 1227; the Communications Act of 1934, 47 U.S.C. 206, 407; the Interstate Commerce Act, 49 U.S.C. 11705(d)(3), 11710(b); the National Traffic and Motor Vehicle Safety Act of 1966, 15 U.S.C. 1400(b); the Fair Labor Standards Act of 1938, 29 U.S.C. 216(b), or in favor of *either* prevailing party, see the Jewelers Liability Act, 15 U.S.C. 298(b)-(d).

B. The Policies And Objectives Of Section 505, And Of The Copyright Act In General, Are Best Served By The Construction Adopted By The Ninth Circuit

The Ninth Circuit's construction of Section 505 best accommodates "'the large objectives'" and "'equitable considerations'" (*Zipes*, 491 U.S. at 758-759) that underlie the Copyright Act in general, and its fee-shifting provision in particular. As construed by the Ninth Circuit, Section 505 (1) promotes the vigorous enforcement of the Copyright Act; (2) appropriately "distinguish[es]" -- as petitioner's "British Rule" plainly does not -- "between wrongdoers and the blameless" (*Zipes*, 491 U.S. at 763); (3) enhances the "predictability and certainty of copyright ownership" (*Community For Creative Non-Violence* v. *Reid*, 490 U.S. 730, 749 (1989)), by providing a reasonably certain benchmark for the award of counsel fees in enforcement actions; and (4) affords copyright defendants sufficient incentives to litigate their defenses. For all of these reasons, we agree with the Ninth Circuit and with Professor Nimmer that "[i]n the case of a prevailing defendant, award of attorney's fees should be disallowed not only when the losing party (i.e., the plaintiff) advanced a novel or complex question of law, but even when it advanced only a 'colorable' claim." 3 *Nimmer on Copyright*, 14.10[D], at 14-120 n.40.

1. The Ninth Circuit's rule encourages effective copyright enforcement

First and foremost, the Ninth Circuit's rule encourages the "effective * * * enforcement of the copyright policy" (*F. W. Woolworth Co.* v. *Contemporary Arts, Inc.*, 344 U.S. 228, 233 (1952)). "The purpose of the rule is to avoid chilling a copyright holder's incentive to sue on colorable claims, and thereby to give full effect to the broad protection for copyrights intended by the Copyright Act." Pet. App. A-19 to A-20. As the Second Circuit has explained, "[f]ees to a prevailing defendant should not be awarded when the plaintiff's claim is colorable since such awards would diminish the intended incentive to bring such claims." *Diamond* v. *Am-Law Publishing Corp.*, 745 F.2d at 148. A more expansive rule for prevailing defendants, the Seventh Circuit has noted, would "disserve the remedial purposes underlying the Copyright Act." *Video Views, Inc.* v. *Studio 21, Ltd.*, 925 F.2d at 1022.

Congress clearly contemplated that copyright claims would be vigorously enforced. "[The] main purpose" of the Copyright Act, this Court has noted, is "to secure the right of multiplying copies of the work, a right which is the special creation of the statute." *Bobbs-Merrill Co.* v. *Straus*, 210 U.S. 339, 350-351 (1908). Indeed, the 1976 Act was expressly designed to facilitate vigorous enforcement, ensuring that the "limitations and conditions on copyright * * * [would] not be so burdensome and strict as to deprive authors of their just reward." Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law (Comm. Print 1961) at 6 ("1961 Register's Report"). Recognizing that "[a]uthors wishing copyright protection should be able to secure it readily and simply" (*ibid.*), Congress enacted a statute that facilitated, and thereby encouraged, protection and enforcement of copyrights.[17]

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[17] Indeed, many of the Act's most important provisions promote the vigorous enforcement of copyrights. For example, the 1976 Act substituted a uniform system of federal statutory copyright -- under which a copyright holder is protected by federal statutory law from the time he creates his copyrightable work -- for the previous bifurcated system, under which the holder was protected under state common law from the time of creation until publication, and by federal statutory law thereafter. 17 U.S.C. 301. "[O]ne of the bedrock provisions of the [1976 Act]" (S. Rep. No. 94-473, 94th Cong., 1st Sess. 112 (1975) ("1975 Senate Report")), Section 301

And toward that end, the Copyright Act provides a variety of remedies, equitable and legal, to prevent infringement -- each of which (except for fees and costs) is available only to copyright plaintiffs.[18]

Vigorous enforcement of copyright claims, moreover, serves the underlying purposes of the Copyright Clause, which empowers Congress "[t]o promote the Progress of Science and the useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8, cl. 8. The Copyright Clause identifies the copyright holder as the "chosen instrument * * * to vindicate 'a policy * * * of the highest priority'" (*Christiansburg Garment*, 434 U.S. at 418). Although "the immediate effect" of an infringement lawsuit "is to secure a fair return for an 'author's' creative labor," the "ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good." *Twentieth Century Music Corp.* v. *Aiken*, 422 U.S. 151, 156 (1975). As the Court explained in *Mazer* v. *Stein*, 347 U.S. 201, 219 (1954):

> The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to

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facilitates enforcement of the Act by extending the "better and more precise remedies" (1961 Register's Report at 40) of federal law to the pre-publication stage, and by reducing the uncertainty inherent in bringing common law copyright claims in state courts. See generally Koenigsberg, *The 1976 Copyright Act: Advances for the Creator*, 26 Cleve. St. L. Rev. 515, 516-517 (1977).

[18] See 17 U.S.C. 502 (injunctions "to prevent or restrain infringement of a copyright"); 17 U.S.C. 503 (impoundment and disposition of infringing articles); 17 U.S.C. 504 (actual damages and profits or statutory damages assessed against "an infringer of copyright").

> advance public welfare through the talents of authors and inventors in "Science and useful Arts."[19]

Thus, while copyright holders receive valuable, enforceable rights that only they may sue on, "the grant is made in furtherance of a governmental policy of the United States," and the benefits of the copyright "are deemed to accrue to the public in the execution of that policy." *Fox Film Corp.* v. *Doyal*, 286 U.S. 123, 128 (1932).

The Ninth Circuit's construction of Section 505 is faithful to these underlying purposes. Copyright claims, like civil rights claims, are inherently uncertain. "[N]o matter how meritorious one's claim may appear at the outset, the course of litigation is rarely predictable." *Christiansburg Garment*, 434 U.S. at 422. To assess counsel fees against copyright plaintiffs "simply because they do not finally prevail" would, as the Court noted in *Christiansburg Garment*, "substantially add to the risks inhering in most litigation and would undercut the efforts of Congress to promote the vigorous enforcement" of the copyright laws. *Ibid.*[20]

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[19] Accord, *Sony Corp. of Am.* v. *Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984) ("[Copyright law] is a means by which an important public purpose may be achieved. It is intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired").

[20] Although amicus curiae supporting petitioner recognizes that fee awards may have a "chilling effect" on copyright enforcement, it contends that this concern does not justify the Ninth Circuit's rule. Instead, amicus suggests, the risk of "chilling effect" should simply be "taken into account" by a court in deciding whether to award fees in any particular case. *Brief Amicus Curiae of Hewlett-Packard in Support of Petitioner* at 7 n.4. That approach is plainly inadequate. Copyright holders deciding whether to enforce their

The present case illustrates the importance of the Ninth Circuit's rule. Although prominent musicologists, members of his former band, music critics, and even petitioner's own expert recognized a substantial similarity between "Jungle" and "Old Man," the outcome of the case was nevertheless uncertain from the start.[21] Moreover, as the verdict in the case ultimately confirmed, petitioner, as a professional entertainer, could be expected to be a formidable witness at trial.[22] Recognizing those uncertainties, and already bearing

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rights must make that decision at the *outset* of the action and based on a *known* standard. They cannot make intelligent decisions if they are required to speculate whether a court will conclude, after the fact, that a fee award might have had some "chilling effect" on the plaintiff, or that such an award might have such an effect on future copyright holders considering whether to bring infringement actions. Amicus' approach also has a "Catch-22" quality, in that courts will be asked to assess the "chilling effect" only in cases that have already been litigated. In all other cases -- where the "chilling effect" has actually stifled the enforcement -- no such inquiry will ever be performed.

[21] Under the two-prong test used by the Ninth Circuit to determine "substantial similarity" between two works, respondent was required to prove not only similarity in objective details (for example, the number of identically-placed notes in two songs), but also similarity under a "subjective, intrinsic test which focuses on the response of the 'ordinary, reasonable person' to the works." *McCulloch*, 823 F.2d at 319. Because the determination of "intrinsic" similarity "'is uniquely suited to the trier of fact * * *'" (*ibid.*), a plaintiff that appears to have a valid claim based on the objective similarity between two works may nonetheless fail to carry his burden of proof because of a jury's subjective opinion.

[22] Petitioner was permitted "to demonstrate his songwriting ability by performing his songs in the courtroom." And as his trial counsel aptly noted, "[i]n the case of a performer of [petitioner's] stature, this evidence can be overwhelming." Sidle, *supra* note 1, at 61.

the burden of proof, respondent was scrupulously cautious in deciding whether to enforce its copyright. But "[t]o take the further step of assessing attorney's fees against [respondent] simply because [it did] not finally prevail" would have added "substantially" -- and, in our view, too substantially -- to the risks presented by the case. *Christiansburg Garment*, 434 U.S. at 422. That is particularly true in light of the amount of fees that petitioner ultimately sought -- nearly $1 million, more than twice the amount of counsel fees ever reported in a copyright infringement action.[23]

Copyright plaintiffs should not absorb such added risks in seeking to enforce the rights granted to them by law. To the contrary, a court's "discretion" under Section 505 must be exercised in light of effective enforcement policy -- "to vindicate 'a policy that Congress considered of the highest priority'" (*Christiansburg Garment*, 434 U.S. at 418). The majority rule best serves that policy. While it imposes counsel fees on losing plaintiffs whose claims are unreasonable, it does not sanction them simply because they lost. Any other rule -- particularly the "British Rule" that petitioner endorses (Br. 39) -- "would fall short of an effective sanction for enforcement of the copyright policy."

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[23] See 3 *Nimmer on Copyright*, 14.10[C], at 14-117 n.20 (1993) ("The most substantial award of attorney's fees and costs ever reported in a copyright infringement action was in the amount of $451,789.06 * * *"). Petitioner claims that he incurred such high fees because respondent took unnecessary and "extensive" discovery. Br. 7 n.10. That is simply not so. To the contrary, a large portion of petitioner's attorney's fees was incurred in prosecuting counterclaims and taking legal positions that the district court and the Ninth Circuit found to be completely meritless. Pet. App. A-7 to A-18, A-25 to A-30.

F. W. Woolworth Co. v. *Contemporary Arts, Inc.*, 344 U.S at 233.[24]

Petitioner contends, however, that Section 505 should not be construed to encourage copyright enforcement, but rather should be "neutral" between plaintiffs and defendants. In his view, "the Copyright Act was not enacted to provide a mechanism for enforcing and vindicating individual rights," but instead "serve[s] the purpose of clarifying the scope of the limited monopoly created by the Copyright Act." Br. 36. But the Copyright Act is simply not "neutral." As this Court has noted, the Copyright Clause "describes both the objective which Congress may seek" -- that is, "the progress of science and the arts" -- *and* "the means to achieve it" -- that is, through the provision of enforceable rights to creators and their assignees. *Goldstein* v. *California*, 412 U.S. 546, 555 (1973). Neither the Copyright Clause nor the Copyright Act suggests that the constitutional objective is equally well served by the *defense* of infringement actions. Rather, the Framers -- and Congress as well -- viewed the "claims of [copyright holders]," *not* defenses against those claims, as the principal vehicle by which "the Progress of Science and useful Arts"

[24] The Court's decision in *F. W. Woolworth Co.* illustrates the proposition that judicial discretion under the Copyright Act must be exercised in light of the congressional policy of vigorous enforcement. The question in *Woolworth* was whether a court could exercise its discretion under 17 U.S.C. 101(b) of the 1909 Copyright Act to award a copyright plaintiff $5000 in statutory damages, even though the defendant had proved that the profits arising from the infringement were appreciably less than that amount. The Court upheld the award of statutory damages, explaining that "a rule of liability which merely takes away the profits from an infringement would offer little discouragement to infringers." 344 U.S. at 233.

would be secured. J. Madison, The Federalist No. 43, at 309 (B. Wright ed. 1961).[25]

[25] Indeed, contrary to petitioner's contention, the 1976 Act in general reflects a congressional desire to *expand* the protections afforded creators and their assignees, and is not a neutral determination of the scope of limits of copyrights. The Register of Copyrights at the time of the 1976 enactment described the Act as "an author's bill," thus acknowledging Congress' pro-enforcement purpose (Barbara Ringer, Register of Copyrights, Remarks at "Program on the 1976 Copyright Act" (New York City, May 7, 1977)). The pro-copyright, pro-enforcement orientation of the 1976 Act is perhaps best reflected in the Act's extension of the copyright term from 56 years to 75 years for works copyrighted before 1978, and its establishment of a copyright term based on the life of the author plus 50 years for works copyrighted after 1978. This revision of the 1909 Act -- called "by far [the authors'] most important legislative goal" of the 1976 revision (1975 Senate Report at 117; H.R. Rep. No. 1476, 94th Cong., 2d Sess. 133 (1976)), and considered by the Register to be the "foundation of the entire bill" (*ibid.*) -- reflects the congressional goal of *extending* the protection afforded copyright holders, at the expense of public users. Numerous other revisions to the 1909 Act -- including, for example, the elimination of the so-called "jukebox exemption," the increase of compulsory license fees for sound recordings, and the addition of various types of artistic works to the ranks of the copyrightable -- reflect a similar congressional intent to provide greater protection and rewards to copyright holders. Conversely, the 1976 Act contains few provisions that in any way diminish the rights and rewards provided to creators and their assignees under the copyright laws. See generally Koenigsberg, *supra*. Further, Congress' most recent revision of the copyright laws -- the Copyright Renewal Act of 1992 (Pub. L. 102-307, 106 Stat. 264 (June 26, 1992)) -- further expands the scope of copyright protection at the expense of the "public domain" by providing for an automatic renewal of copyrights for works that first achieved copyright protection between January 1, 1964 and December 31, 1977.

More generally, petitioner's implicit suggestion -- that the courts should construe Section 505 to accommodate the competing claims of copyright defendants -- misapprehends the legislative scheme. The *substantive* provisions of the Copyright Act, which create enforceable rights while also limiting the scope of those rights, already balance "the interests of authors and inventors in the control and exploitation of their writings and discoveries on the one hand, and society's competing interest in the free flow of ideas, information, and commerce on the other hand" (*Sony Corp. of Am.* v. *Universal City Studios, Inc.*, 464 U.S. at 429). It is Congress -- and Congress alone -- that "has the constitutional authority and the institutional ability to accommodate fully the varied permutations of competing interests" (*id.* at 431), and it has done so in the Act's substantive provisions. The courts should not reconfigure that balance by construing Section 505, as petitioner suggests, in a fashion calculated to defeat the enforcement of copyright claims.

In any event, as we show below, the Ninth Circuit's rule provides sufficient incentives for copyright defendants to litigate vigorously. Copyright defendants, like all defendants, have an incentive to avoid or limit liability. Moreover, under the Ninth Circuit's rule, if defendants prevail and prove the plaintiff's claim to be baseless, they will also receive their attorney's fees. Petitioner does not explain why these incentives will be insufficient to encourage a vigorous defense.[26]

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[26] Petitioner also asserts that the Ninth Circuit's construction of Section 505 places him in a "predicament" because he will now be required to "create new music completely dissimilar to any of his earlier, successful works if he wishes to avoid legal attack and the accompanying expense of attorney's fees in defending himself against the claims of those who control the copyrights to his early creativity" (Br. 29). It is not clear why petitioner believes that the Ninth Circuit's rule places him in any such "predicament." Regardless of what construction of Section 505 is adopted, all

2. The Ninth Circuit's rule properly distinguishes between inncocent parties and wrongdoers

As the Court explained in *Independent Federation of Flight Attendants* v. *Zipes*, 491 U.S. 754 (1989), fee-shifting provisions, like Section 505, should generally be construed to impose counsel fees only upon "wrongdoers" -- parties that have actually violated the rights or policies of the underlying statute. In *Zipes*, for example, the plaintiffs had secured a favorable Title VII settlement agreement and thereafter prevailed against an intervenor that attempted to overturn the settlement. Plaintiff then sought attorney's fees from the intervenor pursuant to Section 706(k). Looking to "the competing equities that Congress normally takes into account" in drafting fee-shifting provisions (*id.* at 761), the Court held that attorney's fees should be awarded against losing intervenors "only where the intervenors' action was frivolous, unreasonable, or without foundation" (*ibid.*). The Court recognized that "the inability generally to recover fees against intervenors [might] create some marginal disincentive against Title VII suits" (*id.* at 762). But that concern, the Court observed, must be "weigh[ed] * * * against other considerations" (*ibid.*). "Foremost among these is the fact that, in contrast to losing Title VII defendants who are held presumptively liable for attorney's fees, losing intervenors like petitioner have not been found to have violated anyone's

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petitioner has to do "to avoid legal attack and the accompanying expense of attorney's fees" is to avoid creating songs that are substantially similar to ones in which other parties hold a copyright interest. And that should not prove particularly onerous: although petitioner has published approximately 25 songs, and has released three albums of original material, since respondent ceased to have any rights to petitioner's new compositions, "Old Man" is the one and only song on which respondent has commenced infringement proceedings. RT 713:10-716:14, 738:19-741:2, 742:7-743:20.

civil rights" (*ibid.*). To impose fees on the intervenors, the Court explained, would ignore "the crucial connection between liability for violation of federal law and liability for attorney's fees under federal fee-shifting statutes" (*ibid.*).

The *Zipes* case illustrates just how reluctant the Court is to shift fees in the absence of wrongdoing by the losing party. Although the prevailing plaintiffs in *Zipes* had asserted a claim under Title VII -- "a policy that Congress considered of the highest priority" (*Christiansburg Garment*, 434 U.S. at 416) -- the Court declined to impose fees on the intervenors. Fee awards, the Court emphasized, must clearly "distinguish[] between wrongdoers and the blameless" (491 U.S. at 763). Petitioner overlooks that distinction entirely. Although he contends that prevailing copyright defendants "provide a benefit to the general public by clarifying elements of the statutory scheme governing copyrights" (Br. 22), and that they promote the public "availability of others' creative efforts" (Br. 20), those interests are surely no more important than the statutory rights secured by the prevailing plaintiffs in *Zipes*. And yet, largely because the losing party in *Zipes* did not "violate[] anyone's * * * rights" (491 U.S. at 762), the Court declined to shift counsel fees, absent a showing that the intervenors' action was "frivolous, unreasonable, or without foundation" (*id.* at 761).

The Ninth Circuit's rule best reflects "the crucial connection between liability for violation of federal law and liability for attorney's fees under federal fee-shifting statutes" (*Zipes*, 491 U.S. at 762). In the copyright context, as in any other, "when a district court awards counsel fees to a prevailing plaintiff, it is awarding them against a violator of federal law." *Christiansburg Garment*, 434 U.S. at 418. By contrast, when a defendant prevails -- but the plaintiff has brought an objectively reasonable lawsuit -- the losing plaintiff has "not been found to have violated anyone's [statutory] rights" (*Zipes*, 491 U.S. at 762). Imposing fees on

the losing (but reasonable) plaintiff does not penalize a wrongdoer. It simply penalizes defeat.

That is not the traditional function of statutory attorney's fees, in this setting or any other. "Our system does not regard bringing (or, for that matter, defending) a losing case -- without more -- as the infliction of a legal wrong." Rowe, *The Legal Theory of Attorney Fee Shifting: A Critical Overview*, 1982 Duke L.J. 651, 659 (1982). Particularly is that true in copyright cases, where a plaintiff's defeat on the merits of an otherwise reasonable claim may result from the highly complex nature of the evidence, or simply -- as perhaps here -- from the persuasiveness of a popular artist defending at trial. Where the claim is colorable, the plaintiff is not a wrongdoer, and ought not to be assessed his adversary's legal fees.

Of course, where the plaintiff's claim *is* objectively unreasonable, it makes perfect sense to shift counsel fees. In that event, the imposition of attorney's fees properly serves to penalize (and thus deter) a party that has abused the copyright system by wrongfully invoking its machinery. In the absence of such wrongdoing, however, shifting counsel fees to a prevailing defendant cannot be squared with the "equitable consideration" that attorney fee awards must carefully "distinguish[] between wrongdoers and the blameless" (*Zipes*, 491 U.S. at 759, 763).

3. The Ninth Circuit's rule promotes predictability and certainty in copyright ownership

As this Court recognized in *Community For Creative Non-Violence* v. *Reid*, 490 U.S. 730 (1989), there is a "'copyright marketplace,'" in which "parties negotiate with an expectation that one of them will own the copyright in the * * * work." 490 U.S. at 749. "By establishing a *marketable right* to the use of one's expression, copyright supplies the economic incentive to create and disseminate

ideas." *Harper & Row, Publishers, Inc.* v. *Nation Enterprises*, 471 U.S. 539, 558 (1985) (emphasis added). And like any other property owner, current or prospective copyright holders cannot do business -- either by creating new works *or* by selling their existing copyrights -- without reasonable certainty about the value of their copyright interest. Indeed, the Court noted in *Reid*, "Congress' paramount goal in revising the [Copyright] Act" was to enhance the "predictability and certainty of copyright ownership." 490 U.S. at 749.[27]

The ready ability to *enforce* a copyright -- predictably and with reasonable certainty -- adds considerably to the "predictability and certainty of copyright ownership" itself. As this Court has emphasized, the "value" of a copyright "depend[s] upon the possibility of enforcement." *Washingtonian Publishing Co.* v. *Pearson*, 306 U.S. at 39. "Without right of vindication a copyright is valueless." *Id.* at 40.

The Ninth Circuit's construction of Section 505 best promotes the "paramount goal" of predictable copyright enforcement. Under the Ninth Circuit's rule, copyright holders will know that, in the event of infringement, they will be able to enforce their copyrights without risking the added and highly unpredictable burden -- except in baseless cases -- of paying their adversary's legal bills. Only when their claim is objectively unreasonable -- a criterion over which they have

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[27] In *Reid*, the Court rejected a particular construction of the "work for hire" provisions of the Copyright Act precisely because it would have "thwart[ed] Congress' goal of ensuring predictability through advance planning." 490 U.S. at 750. Accord, *Washingtonian Publishing Co.* v. *Pearson*, 306 U.S. 30, 40 (1939) (rejecting a construction of the Copyright Act that "would lead to unfortunate uncertainty and confusion"). Cf. *City of Burlington* v. *Dague*, 112 S. Ct. at 2643 (construing certain fee-shifting provisions in light of "the interest in ready administrability").

control, and which is sufficiently ascertainable at the outset -- will they be saddled with the defendant's counsel fees.

By contrast, the minority approach -- which treats objective reasonableness as an important, but not dispositive, factor -- may entail significant uncertainty for copyright owners. Courts applying the minority rule have identified a variety of factors, some fairly opaque, that may bear on fee awards under Section 505. Thus, one court has focused on such factors as whether the "plaintiff caused defendant considerable expense and trouble" (*Cohen* v. *Virginia Elec. & Power Co.*, 617 F. Supp. 619, 623 (E.D. Va. 1985), appeal dismissed, 788 F.2d 247 (4th Cir. 1986)). And other courts have stated, more broadly, that judges may simply "weigh any other relevant factor presented." *Rosciszewski*, 1993 U.S. App. LEXIS at *27. See also *Lieb*, 788 F.2d at 156 ("[w]e expressly do not limit the factors to those we have mentioned, realizing that others may present themselves in specific situations"). Under such open-ended formulations, copyright holders "would not know until late in the process," *Community For Creative Non-Violence* v. *Reid*, 490 U.S. at 750, or even after the verdict, whether the criteria for fee shifting have been satisfied.

Petitioner's construction of Section 505 is worse yet. Under his rule, in the absence of "exceptional circumstances" -- which petitioner nowhere defines -- a prevailing defendant will receive counsel fees simply by prevailing. For copyright holders, petitioner's rule works substantial uncertainty. As this Court noted in *Christiansburg Garment*, "no matter how meritorious one's claim may appear at the outset, the course of litigation is rarely predictable." 434 U.S. at 422. To assess counsel fees against copyright plaintiffs "simply because they do not finally prevail" would "substantially add to the risks inhering in most litigation" (*ibid.*), and would undermine the "predictability and certainty of copyright ownership" (*Reid*, 490 U.S. at 749) that is essential to the creative process.

4. The Ninth Circuit's rule provides sufficient incentives for defendants to mount a vigorous defense to copyright infringement claims

Finally, the rule applied by the Ninth Circuit permits "the adversary judicial process" to function (*Christiansburg Garment*, 434 U.S. at 419), allowing both plaintiffs *and* defendants to assert their claims vigorously. On the one hand, the rule encourages plaintiffs to bring reasonable infringement claims, without the draconian prospect of having to absorb their opponents' counsel fees if they are unsuccessful at trial. On the other hand, the rule encourages defendants to litigate vigorously in order to show that the plaintiff's claim was objectively unreasonable.

There is no reason to believe that the Ninth Circuit's construction of Section 505 -- applied in three other circuits as well -- fails to provide sufficient incentives to copyright defendants. First and foremost, under the Ninth Circuit's standard, copyright defendants have the same incentive to litigate vigorously that *all* defendants have -- to avoid an adverse judgment. Upon a finding of infringement, a court may order injunctive relief (17 U.S.C. 502), the confiscation of infringing property (17 U.S.C. 503), and damages that include *both* disgorgement of the defendant's profits *and* the actual damages suffered by the plaintiff (17 U.S.C. 504). And even where the defendant's own profits are too low to provide a sufficient litigating incentive, a court is still free to impose statutory damages in excess of the defendant's gain. 17 U.S.C. 504(c). See *F. W. Woolworth Co.* v. *Contemporary Arts, Inc.*, *supra*.

What is more, under the Ninth Circuit's rule, defendants who, through vigorous advocacy, establish that the plaintiff's claim was, in fact, objectively unreasonable may receive attorney's fees under Section 505. If stronger incentive to defend were needed, surely the rule provides it. Indeed, this very litigation confirms that the Ninth Circuit's rule provides

ample incentive to defend. Petitioner must certainly have known, from the outset of this lawsuit, that any fee application under Section 505 would ultimately be governed by the standard applied in this case. Nevertheless, petitioner does not suggest -- nor, given the history of this case, could he suggest -- that he refrained from pressing a vigorous defense because the prospects of recovering attorney's fees were insufficiently strong.

In any event, even if the Ninth Circuit's rule "did create some marginal disincentive" for copyright defendants to litigate to the hilt, that factor "would still have to [be] weigh[ed] * * * against other considerations" (*Zipes*, 491 U.S. at 762). "[I]n light of the competing equities that Congress normally takes into account" (*id.* at 761) -- encouraging the enforcement of the underlying statutory right; penalizing actual wrongdoing; promoting certainty and predictablity; and permitting the adversary process to function -- the Ninth Circuit's construction of Section 505 is plainly correct.

By contrast, petitioner's proposed construction of Section 505 would greatly disserve the "adversary judicial process." In petitioner's view, "[b]y litigating copyright actions" defendants "provide a benefit to the general public by clarifying elements of the statutory scheme governing copyrights" (Br. 22). But petitioner's "British Rule" will not serve even that purpose. As explained above, petitioner's rule would chill many copyright holders from seeking to enforce their rights. In those cases, there will be no copyright litigation at all, and thus no opportunity for defendants (or plaintiffs for that matter) to "clarify[] elements of the statutory scheme."

C. By Reenacting, Without Change, The Attorney's Fee Provision of the 1909 Act, Congress Ratified The Well-Settled Judicial Construction Of That Earlier Provision, Which Was Exactly The Same As The Standard Applied By The Ninth Circuit In This Case

1. Congress is presumed to know of, and to ratify, the prevailing judicial construction of a statute when it reenacts that statute without change

"It is always appropriate," this Court has noted, "to assume that our elected representatives, like other citizens, know the law." *Cannon* v. *University of Chicago*, 441 U.S. 677, 696-697 (1979). It is therefore well settled that "Congress is presumed to be aware of an administrative or judicial interpretation of a statute and to adopt that interpretation when it re-enacts a statute without change * * *." *Lorillard* v. *Pons*, 434 U.S. 575, 580 (1978). As the Court explained in *Pierce* v. *Underwood*, 487 U.S. 552 (1988), when "Congress reenact[s] a statute that had in fact been given a consistent judicial interpretation * * *[,] [s]uch a reenactment, of course, generally includes the settled judicial interpretation." *Id.* at 567.[28]

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[28] The Court has routinely applied that principle in a wide variety of statutory settings. See, *e.g.*, *Keene Corp.* v. *United States*, 113 S. Ct. 2035, 2043 (1993) (in construing 28 U.S.C. 1500, the Court applied "the presumption that Congress was aware of the[] earlier judicial interpretations and, in effect, adopted them"); *Albemarle Paper Co.* v. *Moody*, 422 U.S. 405, 414 n.8 (1975) (holding that Congress ratified the courts of appeals' uniform construction of the back pay provisions of Title VII when it reenacted those provisions without change); *NLRB* v. *Gullett Gin Co.*, 340 U.S. 361, 366 (1951) ("[B]y reenacting without pertinent modification the provision with which we here deal, Congress accepted the construction placed thereon by the [National Labor Relations] Board and approved by the Courts"); *United States* v. *Ryan*, 284 U.S. 167, 174-175 (1931) (where Congress had reenacted certain tax laws "without substantial change," it "must be considered to have adopted the consistent interpretation" the lower courts had given the earlier provision "for more than sixty years").

The presumption of ratification has particular force where Congress has left the relevant provision intact while at the same time significantly *revising* other parts of the statute. In *Merrill, Lynch, Pierce, Fenner & Smith* v. *Curran*, 456 U.S. 353 (1982), for example, the Court explained that "the fact that a comprehensive reexamination and significant amendment of the [Commodities Exchange Act] left intact the statutory provisions under which the federal courts had implied a cause of action is itself evidence that Congress affirmatively intended to preserve that remedy." *Id.* at 381-382. Likewise, in *Haig* v. *Agee*, 453 U.S. 280 (1981), the Court held that where Congress had amended one portion of the Passport Act, without disturbing the section at issue, "Congress [was] therefore presumed to have adopted the administrative construction" that had been placed on the relevant provision. *Id.* at 301 n.50. And in *Herman & MacLean* v. *Huddleston*, 459 U.S. 375 (1983), the Court held that where Congress in 1975 had "enacted the 'most substantial and significant revision of this country's Federal securities laws since * * * 1934,'" its decision to leave intact the law's remedial provisions bespoke Congress' intention to ratify and adopt the construction given those provisions by the courts under the 1933 and 1934 Securities Acts. *Id.* at 384-386.

Finally, the presumption of ratification is most compelling when Congress expressly considers and approves the prevailing case law when it reenacts the statute. In that event, one "need not rely on the bare force of th[e] presumption," since "the legislative history * * * demonstrates that Congress was indeed well aware" of the prevailing judicial

construction. *Lindahl* v. *OPM*, 470 U.S. 768, 782 (1985). Where "the legislative history clearly shows congressional awareness" of the settled construction of the statute (*Haig* v. *Agee*, 453 U.S. at 297), the case for ratification is plainly the strongest. As the Court summarized the point in *United States* v. *Sheffield Bd. of Comm'rs*, 435 U.S. 110 (1978): "When a Congress that re-enacts a statute voices its approval of an administrative or other interpretation thereof, Congress is treated as having adopted that interpretation, and this Court is bound thereby." *Id.* at 134. See also *Albemarle Paper Co.* v. *Moody*, 422 U.S. at 414 n.8.[29]

[29] The Court's decision in *Blanchard* v. *Bergeron*, 489 U.S. 87 (1989), illustrates that principle in a closely related setting. The question in *Blanchard* was whether Congress had intended to limit fee awards under 42 U.S.C. 1988 to the amount provided under a contingent fee arrangement between a prevailing plaintiff and his attorneys. In holding otherwise, the Court prominently relied on the Fifth Circuit's decision in *Johnson* v. *Georgia Highway Express, Inc.*, 488 F.2d 714 (1974), "because both the House and Senate Reports refer to the 12 factors set forth in *Johnson* for assessing the reasonableness of an attorney's fee award." *Blanchard*, 489 U.S. at 91. The Court also relied on three district court decisions, in light of the fact that Congress had explicitly stated that those cases "'correctly applied' the 12 factors laid out in *Johnson*." *Id.* at 92, quoting S. Rep. No. 94-1011, at 6 (1976). See also *Hensley* v. *Eckerhart*, 461 U.S. at 429-431, 435 (relying on *Johnson* and a district court case cited with approval by the Senate Report in interpreting the "prevailing party" language of Section 1988); *Apex Hosiery Co.* v. *Leader*, 310 U.S. 469, 487-489 (1940) (the presumption of ratification is most compelling when the prevailing judicial construction of the statute has been "fully brought to the attention of the public and the Congress").

2. Under these principles, Congress unmistakably adopted a construction of the attorney's fee provision that was identical to the standard applied by the Ninth Circuit in this case

a. The attorney's fee provision in Section 505 of the Act represents a reenactment, without change, of the comparable provision in Section 116, formerly Section 40, of the Copyright Act of 1909, 17 U.S.C. 116 (1976). Section 116 stated in pertinent part that "the court may award to the prevailing party a reasonable attorney's fee as part of the costs." Section 505, enacted in 1976, likewise provides that "the court may * * * award a reasonable attorney's fee to the prevailing party as part of the costs."

The reenactment of the attorney's fee provision without change was quite deliberate, for in most other respects the 1976 Copyright Act "almost completely revised existing copyright law." *Community For Creative Non-Violence* v. *Reid*, 490 U.S. at 743.[30] Indeed, even as it *reenacted* the attorney's fee provision of Section 116, Congress significantly *amended* the provision of Section 116 relating to costs -- and incorporated both provisions in Section 505. Prior to the 1976 reenactment, Section 116 stated that "[i]n all actions, suits, or proceedings under this title * * * full costs shall be allowed" (17 U.S.C. 116 (1976)). The 1976 Act, however, made the award of costs discretionary: "In any civil action under this title, the court in its discretion *may* allow the

[30] For example, the Act made significant changes with respect to, *inter alia*, the term of a copyright; the relation between federal and state copyright law; the types of artistic activity covered by the copyright laws; the compulsory license fees charged for sound recordings; and the notice and registration requirements placed on copyright holders. See generally Koenigsberg, *supra*; Litman, *Copyright, Compromise, and Legislative History*, 72 Cornell L. Rev. 857 (1987).

recovery of full costs by or against any party other than the United States or an officer thereof." 17 U.S.C. 505 (emphasis added).

In short, the presumption of ratification is plainly applicable here: Congress reenacted, without change, the attorney's fees provision in Section 116, even as it comprehensively revised much of the rest of the statute (including the adjoining costs provision). Under those circumstances, Congress must be presumed to have adopted the established judicial construction of the attorney's fee provision. And that judicial construction, as we now show, was *uniformly identical* to the rule applied by the Ninth Circuit in this case.

b. Prior to the 1976 reenactment, it was firmly established that prevailing defendants should not be awarded attorney's fees unless the plaintiff's claim was entirely without merit or vexatiously brought. Three courts of appeals and at least two dozen district courts had addressed the issue. Each and every court held that prevailing defendants could recover attorney's fees under Section 116 only if the plaintiff's claim was objectively unreasonable.

In *Edward B. Marks Music Corp.* v. *Continental Record Co.*, 222 F.2d 488 (2d Cir.), cert. denied, 350 U.S. 861 (1955), for example, the Second Circuit held that a losing plaintiff should not be assessed attorney's fees where the litigation "was not vexatious but involved a novel question of statutory interpretation." 222 F.2d at 493.[31] The Seventh

[31] See also *Continental Casualty Co.* v. *Beardsley*, 253 F.2d 702, 708 (2d Cir.) (denying fee award to a successful counter-defendant where the infringement counterclaim was "not deceitfully and unreasonably made"), cert. denied, 358 U.S. 816 (1958). By contrast, in *Mailer* v. *RKO Teleradio Pictures*, 332 F.2d 747 (2d Cir. 1964), the Second Circuit affirmed the award of fees to a prevailing defendant where the plaintiff's claim was

Circuit applied the same standard, holding that it was an abuse of discretion to award attorney's fees to a prevailing defendant where the plaintiff's claim was not "entirely without merit" and involved a close question of law. *Eisenschiml* v. *Fawcett Publications*, 246 F.2d 598, 604 (7th Cir.), cert. denied, 355 U.S. 907 (1957). Accord, *Official Aviation Guide Co.* v. *American Aviation Assocs.*, 162 F.2d 541, 543 (7th Cir. 1947) (affirming the denial of attorney's fee to a prevailing defendant where "[t]he instant case was hard fought and prosecuted in good faith, and * * * presented a complex problem in law"). And the Ninth Circuit took the same view: in *Overman* v. *Loesser*, 205 F.2d 521, 524 (9th Cir.), cert. denied, 346 U.S. 910 (1953), for example, the court denied the defendant counsel fees under Section 116 because "[t]he case was hard fought," and because "the principal question [was] a complex question of law." By contrast, in *Corcoran* v. *Montgomery Ward & Co.*, 121 F.2d 572, 576 (9th Cir.), cert. denied, 314 U.S. 687 (1941), the court *affirmed* a fee award to a prevailing defendant where the trial court had found the plaintiff's lawsuit "without justification, either in law or in fact."[32]

The federal district courts -- which were charged, of course, with the principal task of exercising "discretion" under the attorney's fees provision -- likewise uniformly declined to award attorney's fees to prevailing defendants absent unreasonable conduct on the part of the losing

"unreasonable." *Id.* at 749.

[32] See also *Shapiro, Bernstein & Co.* v. *4636 S. Vermont Ave., Inc.*, 367 F.2d 236 (9th Cir. 1966) (reversing award of attorney's fees to a prevailing defendant because court was "unable to agree that [plaintiff] brought this suit in bad faith knowing the cases were against it and without belief in the merits of the claim").

plaintiff.[33] Indeed, two of the leading district court decisions under the 1909 Act explicitly recognized that the prevailing case law embodied a so-called "dual standard" that was more generous to prevailing plaintiffs than to prevailing defendants. As Judge Feinberg explained in *Davis* v. *E.I. DuPont de Nemours & Co.*, 257 F. Supp. 729 (S.D.N.Y. 1966), "the restrictive criteria of the line of cases denying an attorney's fee to a victorious defendant short of evidence of bad faith or frivolity on plaintiff's part apparently have not been applied as vigorously where plaintiff succeeds in proving infringement of his copyright * * *." *Id.* at 732. And Judge Mansfield, surveying the existing case law in *Breffort* v. *I Had A Ball Company*, 271 F. Supp. 623 (S.D.N.Y. 1967), concluded that "the considerations prompting an award of fees to a successful plaintiff must of necessity differ from those

[33] Petitioner contends that "a close reading" of the cases demonstrates that there was, in fact, no "uniform" construction of the 1909 attorney's fee provision (Br. 15). Indeed, citing a single case, he asserts that "there is authority in the pre-1976 Act case law which supports the notion that the provision of the Copyright Act allowing awards of attorney's fees was an adoption of the English rule for fee awards with the purpose of making the prevailing party 'whole'" (Br. 15). In fact, however, *Lewys* v. *O'Neill*, 49 F.2d 603 (S.D.N.Y. 1931) -- the one case petitioner identifies (Br. 15-16) -- holds no such thing. In that case, the district court noted only that in enacting the 1909 version, "Congress ha[d] seen fit to leave the courts *free* to adopt the wise English practice of throwing a large part of the expense of litigation on the unsuccessful party." 49 F.2d at 618 (emphasis added). The court did not consider itself *bound* under the statute to impose automatic fee shifting. To the contrary, the court's decision to shift counsel fees reflected its finding that plaintiff's copyright claim rested on a "grotesque" comparison of her work to that of the defendant, Eugene O'Neill. *Ibid.* Describing plaintiff's claims, the court tersely noted (*id.* at 611) that "[a]bsurdity could not rise to greater heights."

determining whether a prevailing defendant is entitled to such an award." *Id.* at 627. As he put it (*ibid.*):

> The purpose of an award of counsel fees to a plaintiff is to deter copyright infringement. * * * In the case of a prevailing defendant, however, prevention of infringement is obviously not a factor; and if an award is to be made at all, it represents a penalty imposed upon the plaintiff for institution of a baseless, frivolous, or unreasonable suit, or one instituted in bad faith.[34]

[34] The remaining district court cases, while not articulating a dual standard as such, nonetheless awarded counsel fees to prevailing defendants only if the losing plaintiff was shown to have acted unreasonably. See, *e.g.*, *Schroeder* v. *William Morrow & Co.*, 421 F. Supp. 372, 378 (N.D. Ill. 1976) ("Because [plaintiff's] action has, in our opinion, been prosecuted in good faith and with a reasonable likelihood of success, defendants will not be granted an award of attorneys' fees"), rev'd on other grounds, 566 F.2d 3 (7th Cir. 1977); *Gardner* v. *Nizer*, 396 F. Supp. 63, 64 (S.D.N.Y. 1975) (denying fee award to prevailing defendant where complaint, though "border[ing] on 'unreasonable,' * * * does not appear to have been 'frivolous' or to have been brought in 'bad faith'"); *Kinelow Publishing Co.* v. *Photography In Business, Inc.*, 270 F. Supp. 851, 855 (S.D.N.Y. 1967) (denying fee award to prevailing defendant because plaintiff's claims, while "lacking in merit," were not "unreasonable or capricious"); *C.S. Hammond & Co.* v. *International College Globe, Inc.*, 210 F. Supp. 206, 219 (S.D.N.Y. 1962) (denying attorney's fees to prevailing defendant where "[t]here is neither claim nor proof that the plaintiff has harassed the defendants and no reason to doubt the plaintiff's good faith in bringing this suit has been suggested or shown"); *Burnett* v. *Lambino*, 206 F. Supp. 517, 518-19 (S.D.N.Y. 1962) (granting fee award to prevailing defendant where "asserted claim of infringement was so demonstrably lacking in merit that bringing it was clearly unreasonable"); *Barton Candy Corp.* v. *Tell Chocolate*

In short, by the time Congress reenacted the fee-shifting provision, the "frivolousness" standard was deeply entrenched

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Novelties Corp., 178 F. Supp. 577, 584 (E.D.N.Y. 1959) (holding that awards to prevailing defendants are appropriate only where plaintiff's claim was "capricious or unreasonable" or where the facts require "penalization of the losing party," and denying fees in the absence of either circumstance); *Rose* v. *Bourne, Inc.*, 176 F. Supp. 605, 612 (S.D.N.Y. 1959) (awarding fees to prevailing defendant because of losing plaintiff's "frivolous" conduct), aff'd, 279 F.2d 79 (2d Cir.), cert. denied, 364 U.S. 880 (1960); *Greenbie* v. *Noble*, 151 F. Supp. 45, 70 (S.D.N.Y. 1957) (denying attorney's fees to prevailing defendant where "plaintiff commenced this action in good faith"); *Cloth* v. *Hyman*, 146 F. Supp. 185, 193 (S.D.N.Y. 1956) ("An attorney's fee is properly awarded when the infringement action has been commenced in bad faith, as where the evidence establishes that the plaintiff's real motive is to vex and harass the defendant or where plaintiff's claim is so utterly lacking in merit as to present no arguable question of law or genuine issue of fact"); *Loews, Inc.* v. *Columbia Broadcasting System*, 131 F. Supp. 165, 186 (S.D. Cal. 1955), aff'd, 239 F.2d 537 (9th Cir. 1956), aff'd, 356 U.S. 43 (1958) (denying prevailing defendant fee award where question presented in the case "was a nice one," and there are "no authorities squarely in point to guide the litigants or their counsel"); *Morse* v. *Fields*, 127 F. Supp. 63, 69 (S.D.N.Y. 1954) (denying fee award to prevailing defendant where complaint was not "capricious or unreasonable"); *Stein* v. *Expert Lamp Co.*, 107 F. Supp. 60, 61 (N.D. Ill. 1952) (denying fee award to prevailing defendant where complaint was not "filed in bad faith or for the purposes of harassment"); *Burns* v. *Twentieth Century-Fox Film Corp.*, 75 F. Supp. 986, 992 (D. Mass. 1948) (awarding fees to prevailing defendant where plaintiff did not demonstrate "a scintilla of the type of resemblance that gives rise to liability" under the copyright laws); *Cain* v. *Universal Pictures Co.*, 47 F. Supp. 1013, 1019 (S.D. Cal. 1942) (denying fees to prevailing defendant

under the precursor to Section 505. Indeed, to our knowledge, *no* judicial decision prior to 1976 had ever held that fees could be awarded to a prevailing defendant absent a finding that the losing plaintiff had acted frivolously, unreasonably, or in bad faith. Because Congress "can be presumed to have had knowledge of the interpretation given to the incorporated law," *Lorillard*, 434 U.S. at 581, its decision to reenact the fee-shifting provision without change must be understood to incorporate precisely the standard adopted by the Ninth Circuit in this case.[35]

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in the absence of circumstances "call[ing] for the penalization of the losing party"); *Rose* v. *Connelly*, 38 F. Supp. 54, 55 (S.D.N.Y. 1941) (awarding fees to prevailing defendant where plagiarism claim was "quite fantastic," and where the two plays at issue "differ[ed] in * * * substantially all points of reader or theatre interest"); *Krafft* v. *Cohen*, 38 F. Supp. 1022, 1023 (E.D. Pa. 1941) (denying fee award to prevailing defendant where claim brought "in good faith," and evidence demonstrated appropriation); *Lowenfels* v. *Nathan*, 2 F. Supp. 73, 80 (S.D.N.Y. 1932) (awarding fees to prevailing defendant where "[t]he most earnest advocate of the plaintiff's side of this cause could not * * * possibly find" any plagiarism by the defendant); *Lewys* v. *O'Neill*, 49 F.2d 603, 618 (S.D.N.Y. 1931) (awarding fees to prevailing defendant because plaintiff's case was "wholly synthetic"). See also *Caruthers* v. *R.K.O. Radio Pictures, Inc.*, 20 F. Supp. 906, 908 (S.D.N.Y. 1937) (noting in dicta that fee awards under the copyright act "tend[] to be a deterrent both on infringers of copyright, and *on wholly unfounded copyright claims*") (emphasis added); *Jerome* v. *Twentieth Century-Fox Film Corp.*, 71 F. Supp. 914, 915 (S.D.N.Y. 1947) (denying fees to prevailing defendant where court "c[ould] very well understand how plaintiff was driven to some litigation, although the theory of [the] action for infringement was not supported by the proof"), aff'd, 165 F.2d 784 (2d Cir. 1948).

[35] Without more than a single case citation, petitioner contends that the "pre-1976 case law dealing with attorneys' fees" relied on

c. But there is more: Congress was in fact keenly aware of, and apparently endorsed, the prevailing judicial construction of Section 116 when it reenacted that provision as Section 505. The case for ratification is thus as strong as can be.

The legislative history of the 1976 Act consists primarily of the studies and reports submitted to Congress by the United States Copyright Office. The reason is clear: "When Congress decided to overhaul the copyright statute," it "asked the Copyright Office to study existing problems" (*Feist Publications* v. *Rural Tel. Service Co.*, 111 S. Ct. 1282, 1292 (1991)), and thereafter the revision of the statute was "supervised by the Copyright Office" (*Community for Creative Non-Violence* v. *Reid*, 490 U.S. at 743). The Copyright Office "began building the foundation for the general revision by authorizing a series of 34 studies on major issues of copyright law; these studies were published and included in the legislative history." *Mills Music, Inc.* v. *Snyder*, 469 U.S. 153, 159 (1985). Those studies, moreover, provided Congress with much, if not all, of its information regarding the state of the copyright laws prior to the 1976 enactment.[36]

"such a variety of policy analyses and legal principles that no clear standard * * * could have put Congress 'on notice' of any prevailing interpretation" (Br. 16). As we have shown, that claim is completely unwarranted. The pre-1976 cases uniformly held that attorney's fees should not be awarded to prevailing defendants where the plaintiff's claim was objectively reasonable.

[36] This Court has therefore accorded the Copyright Office studies significant weight in discerning the appropriate construction of the Copyright Act. *Feist Publications* v. *Rural Tel. Service Co.*, 111 S. Ct. at 1292-1293; *Community For Creative Non-Violence* v. *Reid*, 490 U.S. at 743-744 & n.10; *Mills Music, Inc.* v. *Snyder*, 469 U.S. at 170 & n.37. As a general matter, "the Copyright Act is unusual in that much of it * * * was drafted by the Copyright

Among the Copyright Office studies were two that explicitly addressed the issue of attorney's fees under the 1909 and 1976 Acts. In one of those studies, the Office reported that in adjudicating fee requests under the 1909 Act, the courts' "discretion ha[d] been judiciously exercised," and it cited over a dozen cases as examples of that "judicious" exercise of discretion. William S. Strauss, *The Damage Provisions of the Copyright Law*, Copyright Office Study No. 22, 86th Cong., 2d Sess. 31 & n.243 (Comm. Print 1960) ("Strauss Study"). In each of the cited cases involving a prevailing defendant, the court either had *awarded* fees based on the plaintiff's unreasonable claim, or *denied* fees because there was no such unreasonable claim or without explanation. Not a single case cited in the 1956 Strauss Study supports a contrary rule.[37]

Office, which is itself an arm of Congress." *Id.* at 182 n.6 (White, J., dissenting).

[37] The Strauss Study cited the following cases involving prevailing defendants: *Overman* v. *Loesser*, 205 F.2d 521 (denying counsel fees because there was "no indication that the appeal was pursued in bad faith" and "the principal question [was] a complex question of law"); *Lowenfels* v. *Nathan*, 2 F. Supp. 73 (awarding fees to prevailing defendant where "[t]he most earnest advocate of the plaintiff's side of this cause could not * * * possibly find" any plagiarism by the defendant); *Lewys* v. *O'Neill*, 49 F.2d 603 (awarding fees to prevailing defendant because plaintiff's case was "wholly synthetic" and "wholly preposterous"); *Official Aviation Guide Co.* v. *American Aviation Assocs.*, 162 F.2d 541 (affirming denial of attorney's fee to a prevailing defendant where "[t]he instant case was hard fought and prosecuted in good faith, and * * * presented a complex problem in law"); and *Jerome* v. *Twentieth Century-Fox Film Corp.*, 71 F. Supp. 914 (denying fees to prevailing defendant where court "c[ould] very well understand how plaintiff was driven to some litigation, although the theory of [the] action for infringement was not supported by the proof"). Two other cases cited in the 1956 Strauss Study also addressed the

The second report articulated even more explicitly the legal standard ultimately adopted by the Ninth Circuit in this case. Ralph S. Brown, Jr., *The Operation of the Damage Provisions of the Copyright Law: An Exploratory Study*, Copyright Office Study No. 23, 86th Cong., 2d Sess. 85 (Comm. Print 1960) ("Brown Study"). Surveying the prevailing case law, the Brown Study explained that, in assessing fee requests by prevailing defendants, the courts did "not usually make an allowance at all if an unsuccessful plaintiff's claim was not 'synthetic, capricious or otherwise unreasonable.'" *Ibid.* In support of that conclusion, the Brown Study cited a series of cases -- each one of which had adopted precisely the standard later applied by the court of appeals in this case.[38]

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issue of fees to prevailing defendants: *Metro Associated Services* v. *Webster City Graphic*, 117 F. Supp. 224 (N.D. Iowa 1953); and *Advertisers Exchange* v. *Anderson*, 144 F.2d 907 (8th Cir. 1944). In each of those cases, the court denied, without explanation, a prevailing defendant's request for attorneys fees.

[38] The Brown Study cited: *Cloth* v. *Hyman*, 146 F. Supp. 185, 193 ("An attorney's fee is properly awarded when the infringement action has been commenced in bad faith, as where the evidence establishes that the plaintiff's real motive is to vex and harass the defendant or where plaintiff's claim is so utterly lacking in merit as to present no arguable question of law or genuine issue of fact"); *Eisenschiml*, 246 F.2d at 604 (reversing fee award to prevailing defendant because plaintiff's claim was not "entirely without merit" and involved a close question of law); and *Caruthers* v. *RKO Trade Pictures*, 20 F. Supp. at 908 (noting in dicta that fee awards under the copyright act "tend to be a deterrent both on infringers of copyright, and on wholly unfounded copyright claims"). In the only other decision cited in the Brown Study -- *Marks* v. *Leo Feist, Inc.*, 8 F.2d 460 (2d Cir. 1925) -- the court of appeals affirmed the award of counsel fees to a prevailing defendant where the losing plaintiff had voluntarily dismissed his complaint. While the court of appeals did not explain its reasoning, the fact that plaintiff

d. There is yet additional evidence that Congress was aware of, and endorsed, the construction of the attorney's fee provision adopted by the court of appeals in this case. During the revision process, the Register of Copyrights expressly addressed the issue of fee-shifting under (then) Section 116. The Register articulated the prevailing rule:

> The discretionary power of the courts to require the losing party to pay 'a reasonable attorney's fee' is intended to *discourage unfounded suits* and frivolous defenses. *The courts have generally denied awards of attorney's fees where the losing party had solid grounds for litigating his claim* or defense. This discretionary power of the courts is generally regarded as salutary, and we concur in this view.

1961 Register's Report at 109 (emphasis added). That is exactly the basis on which the Ninth Circuit ruled against petitioner in this case. Congress was aware of that prevailing rule. And by reenacting the attorney's fee provision without change, it unmistakably adopted that construction.

Petitioner asserts, however, that "neither the 1961 Report nor the majority of attorney's fees cases decided under the 1909 Act implicate, much less expressly endorse, the dual standard for the award of attorney's fees under the 1976 Act" (Br. 15). But as we noted at the outset of the brief (at 11-12), whether the Report or the cases expressly endorsed a "dual standard" or "evenhanded standard" is irrelevant. The *only* question presented is whether Congress adopted a standard under which prevailing *defendants* receive fees only in cases of frivolous claims. On that question, the Register's Report and the pre-1976 case law were clear and consistent: prevailing defendants received counsel fees only when the plaintiff's claim was objectively unreasonable.

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himself requested dismissal suggests that this case, too, is best read to embrace the rule adopted by the Ninth Circuit in this case.

That is the standard applied by the Ninth Circuit in this case. Its decision is plainly correct.

CONCLUSION

The judgment of the court of appeals should be affirmed.

Respectfully submitted.

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JOHN C. FOGERTY,

Petitioner,

vs.

FANTASY, INC.,

Respondent.

On Writ Of Certiorari
To The United States Court Of Appeals
For The Ninth Circuit

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SUMMARY OF ARGUMENT

Both the plain language of Section 505 of the Copyright Act and an analysis of the policies underlying the Copyright Act demonstrate the inappropriateness of the Ninth Circuit's standard. Interpretations of similarly neutral, fee-shifting language in other contexts, such as civil rights legislation, do not apply here, where very different policies are present. Respondent's discussion of how the policies underlying the Copyright Act support the Ninth Circuit's standard is in every instance wrong or misguided. Respondent ignores the argument made by Petitioner that, like the defendants in this action, prevailing defendants can be authors who have copyrights which are validated by a judgment in their favor every bit as much as or more than a judgment in favor of a plaintiff copyright owner. Finally, Respondent fails to acknowledge the promotion of the "progress of science and useful arts" that results from a defendant author prevailing in a copyright action.

In arguing that Congress implicitly endorsed the current Ninth Circuit dual standard by passing the 1976 Copyright Act, Respondent merely places its own gloss on judicial applications of the fee-shifting provisions of the Copyright Act. Prior to the enactment of the 1976 Act, there was simply *no* uniform rule adopted by the judiciary which limited the discretion of the district courts in awarding attorney's fees to prevailing defendants solely to instances where the action was frivolous or brought in bad faith.[1] The Ninth Circuit standard improperly places such limitations on the district courts' discretion.

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[1] Or was "objectively unreasonable," as Respondent now puts it. (Respondent's Brief at 11.)

ARGUMENT

I. Respondent's "Frivolous or Objectively Unreasonable" Standard Would Improperly Limit the Broad Discretion Granted to District Courts in Awarding Attorney's Fees Under the Copyright Act.

Both the standard adopted by the Ninth Circuit for awarding attorney's fees to prevailing defendants in copyright cases and the standard proposed by Respondent suffer from the same defect: they seek to limit the district courts' discretion in a manner not supported by the language or legislative history of Section 505. The language of Section 505 is party-neutral and does not place limitations on the courts' discretion in deciding whether an award of attorney's fees is appropriate to either a prevailing plaintiff or to a prevailing defendant. *See Mills Music, Inc. v. Snyder*, 469 U.S. 153, 164, 105 S.Ct. 638, 645, 83 L.Ed.2d 556 (1985) (in construing federal statutes, appropriate to assume ordinary meaning of language employed by Congress accurately expresses legislative purpose).

An important and appropriate factor[2] for a court to consider in an application for attorney's fees by a prevailing defendant, which is ignored by the Ninth Circuit standard and Respondent's proposed standard, is whether the successful defendant has vindicated, or enforced, his or her own copyright in defending against the plaintiff's claims. Here, Fogerty is the "author" whose work is intended to be promoted by the Copyright Act under any sense of the term, since he was the

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[2] Other relevant considerations might include whether the defendant's success resulted in the expansion of the public domain; whether equitable principles would make it unjust for a defendant to bear the expense of defending against unsuccessful litigation; whether the cost of defending its copyright reduced the value of suc' copyright to the successful defendant; the ease or difficulty encountered by the fact-finder in ruling in the defendant's favor; whether the defendant prevailed on the merits or on a "technicality;" and, overall, whether an award of attorney's fees would further or retard the promotion of the arts and sciences. Such factors are closely tied to the underlying policies of the Copyright Act and the courts should be free to consider such factors in exercising their discretion.

creator of both works at issue. *Cf. Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 109 S.Ct. 2166, 2171, 104 L.Ed.2d 811 (1989) (author is party who actually creates the work).[3] Here, Fogerty succeeded in establishing the originality and copyrightability of his work. To preclude awards of attorney's fees to defendants who have succeeded in vindicating their own copyrights absent a showing of frivolousness or bad faith would permit a reduction in the value of the defendant's copyrighted work with little hope of compensation therefore.[4]

II. Interpretations of Fee-Shifting Provisions in Civil Rights Legislation Relied Upon By Respondent Are Not Applicable Here, Where Very Different Underlying Policies Are Present.

Respondent argues that this Court's interpretation of similar[5] fee-shifting provisions in the context of civil rights litigation should govern the standard applied under the Copyright Act. This argument is flawed in at least three respects: (1) it ignores the fact that the policies underlying the Copyright Act are very different from those underlying civil rights legislation; (2) the legislative history of the civil rights attorney's fee statutes expressly supports a "dual" standard for awards of fees, whereas the legislative history of the Copyright Act provides no such support; and (3) fee-shifting statutes in other areas of federal law have not been consistently interpreted to apply differently to prevailing plaintiffs and prevailing defendants.

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[3] The fact that the defendant in this case was the author of both the alleged infringed and infringing works is merely a special case of the general rule that copyright defendants are themselves authors.

[4] As a result of having had to defend his copyright to "Old Man Down the Road" against Fantasy's unsuccessful claims, the value of that copyright to Fogerty has been reduced by over one million dollars.

[5] To say that the language of the statutes is similar is like saying that two blank canvases are "similar" paintings. The statutes simply "similarly" say that the court "may" award an attorney's fee to the "prevailing party" in its "discretion." These words alone provide no guidance for the exercise of such discretion.

Those fee-shifting statutes in which the Court has applied a different, stricter standard for awards of attorney's fees to prevailing defendants are generally related to public interest claims of some sort, in which the plaintiff is asserting a right which benefits others as well as *himself*. In contrast, the plaintiff in a copyright infringement action is asserting only his own property rights. This distinction is not unimportant in interpreting the application of fee-shifting provisions in the varying statutory schemes.[6]

A. The Policies and Objectives of the Copyright Act do not Support the Limited Discretion Imposed by the Ninth Circuit Standard.

Fantasy's policy arguments turn on the flawed premise that "authors" are synonymous with *plaintiffs* in copyright infringement actions. Respondent's argument is little more than a mirror that reflects whatever desired result is held before it, and the policies and objectives identified by Respondent are equally or better served by an evenhanded standard.

1. The Ninth Circuit "Dual" Standard Serves to Stifle, Not Stimulate, Artistic Creativity.

The Ninth Circuit rule could retard creativity, rather than stimulate it, particularly in the songwriting field. Respondent argues that the ultimate aim of a copyright infringement suit is "to stimulate artistic creativity for the general public good." (Respondent's Brief at 22.) In this case, Fantasy used a copyright purchased from *Petitioner* in an attempt to stifle the

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[6] Unlike the Copyright Act, the policies underlying the Civil Rights Act of 1964 and related civil rights legislation expressly support a standard for awarding attorney's fees that treats prevailing plaintiffs more favorably than prevailing defendants. Plaintiffs in civil rights cases act as private attorneys general and are "the chosen instrument of Congress to vindicate 'a policy that Congress considered of highest priority.' " *Christiansburg Garment Co. v. EEOC*, 434 U.S. 412, 418, 98 S.Ct. 694, 54 L.Ed.2d 648 (1978) (quoting *Newman v. Piggie Park Enterprises*, 390 U.S. 400, 402, 88 S.Ct. 964, 966, 19 L.Ed.2d 1263 (1968)). *Cf. Hairline Creations, Inc. v. Kefalas*, 664 F.2d 652 (7th Cir. 1981) (attorney's fee provision in trademark statute serves different function than in civil rights statutes).

Petitioner's creativity by imposing liability on him for writing new songs in his own songwriting style. In this case, it was Fogerty's defense, not Fantasy's infringement claim, that served to stimulate artistic creativity, since, had he lost the case, Fogerty might not have written again.[7]

A significant flaw in Respondent's argument is its claim that "Progress of Science and Useful Arts," U.S. Const., Art. I, §8, Cl. 8, is secured *only* by claims of copyright owners and not by defenses against such claims. Such progress comes not only from granting copyright protection in the first place, but also from granting it only "for limited times." U.S. Const., Art.I, §8, Cl. 8. Progress of the arts also comes from having works fall into the public domain after a time and from limiting the scope of that which is protected by copyright, allowing the public to make free use of that which is outside the scope of copyright. The Ninth Circuit rule may tend to promote copyright litigation by encouraging plaintiffs to bring lawsuits, but fomenting litigation is not the same thing as stimulating creativity.

If an author is sued for subconsciously[8] copying a song, the added risk of having to pay the plaintiff's attorney's fees – on top of the plaintiff's damages and the songwriter's own profits – is so great that predictability in copyright enforcement may be greatly decreased. The goal of "predictable copyright enforcement" is not met simply by having plaintiffs win or defendants capitulate whenever infringement lawsuits are filed. "Copyright enforcement" includes, or should

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[7] His successful defense of this action also quite arguably stimulated the artistic creativity of all other songwriters who have characteristic personal writing styles and who have assigned the copyrights in their prior works to publishers with which they are no longer associated. Had Fantasy won this action, such publishers may have been encouraged to sue or threaten to sue those songwriters for infringement, thereby chilling their creative output.

[8] Infringement can result from *subconscious* as well as conscious copying. *See, e.g., Bright Tunes Music Corp. v. Harrisongs Music, Ltd.*, 420 F.Supp. 177 (S.D.N.Y. 1976), *aff'd sub nom ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 722 F.2d 988 (2nd Cir. 1983).

include, marking the outer limits of copyright and approving uses of copyrighted works outside those limits. Enforcement of a copyright and the defense of a copyright are merely two sides to the same coin and deserve equal treatment when awards of attorney's fees are considered.

2. In Applying a "Dual" Standard, the Ninth Circuit Does Not Necessarily Distinguish Between Innocent Parties and Wrongdoers.

An unsuccessful defendant is not a wrongdoer merely because he or she has been found to have infringed another's copyright, yet neither Section 505 nor the Ninth Circuit standard prohibits awards of attorney's fees against "innocent" infringers or defendants who did not knowingly or willfully infringe a copyright. *See, e.g., Frank Music Corp. v. Metropolitan-Goldwyn-Mayer, Inc.*, 886 F.2d 1545, 1556 (9th Cir. 1989), *cert. denied*, 494 U.S. 1017, 110 S.Ct. 1321, 108 L.Ed.2d 496 (1990) (plaintiffs in copyright cases may be awarded fees "simply by virtue of prevailing").[9] Similarly, an unsuccessful plaintiff is not necessarily "innocent" where the lawsuit was not demonstrably frivolous or initiated in bad faith. Particularly in the copyright context, the concept of blameworthiness has little application. It simply does not follow, as Respondent suggests, that Fogerty would have been a wrongdoer had he lost this case. Simply put, the innocent party/wrongdoer distinction advanced by Respondent does not work in copyright cases as it might in cases involving civil rights and other types of public issues.

Although Fogerty sold the copyright to certain of his songs, he retained the legal right to write new songs, including new songs that were similar – so long as they were not *substantially* similar – to the songs whose copyrights he sold.

[9] The Ninth Circuit standard for prevailing *plaintiffs*, which is mirrored by other dual standard circuits, contradicts Fantasy's claim that the standard proposed by Fogerty is "unprecedented." Fogerty merely seeks to have the *same* standard applied to prevailing defendants as is presently applied to prevailing plaintiffs in Ninth Circuit copyright cases.

Fantasy attempted to deprive him of that right and required him to incur over one million dollars in fees to protect that right. Even if the action was not entirely frivolous or demonstrably brought in bad faith, Fantasy can hardly be said to be "innocent" considering its economic strong-arm tactics[10] or its attempt to discourage its former recording artist from creating and publishing new works through a competing record company.[11]

3. The Ninth Circuit Rule Provides No More Incentive for Defendants to Vigorously Defend Copyright Infringement Claims Than Would be Present if There Were No Fee-Shifting Provision.

Even without the application of Section 505 to prevailing defendants, a defendant who successfully defends against a frivolous or bad faith action would be entitled to recover attorney's fees under the rule set forth in *Alyeska Pipeline Service Co. v. Wilderness Society*, 421 U.S. 240, 95 S.Ct. 1612, 44 L.Ed.2d 141 (1975) and under F.R.C.P. Rule 11. Respondent's argument ignores the fact that defendants who face the prospect of incurring substantial attorney's fees without the likelihood of recovering such fees from a losing plaintiff unless they can prove that the action was frivolous or in bad faith will have an incentive to settle a copyright action. Payment of settlement funds to an underserving plaintiff does not further the purposes underlying the Copyright Act, and

[10] Fantasy withheld over one million dollars in royalties from Fogerty during the pendency of the litigation and joined Fogerty's new record company as a defendant.

[11] Even in the context of fee awards in civil rights cases, courts applying the dual standard set forth in *Christiansburg Garment Co. v. EEOC*, *supra*, have noted that when a civil rights plaintiff is a "corporate-type," as opposed to an individual, the courts should be more inclined to award fees to prevailing defendants. *See, e.g., Goldrich, Kest & Stern v. City of San Fernando*, 617 F.Supp. 557, 564 (C.D.Cal. 1985) (corporate plaintiffs are "certainly well equipped to finance a civil rights suit," and thus "the chilling effect of an award of attorney's fees to prevailing defendants as against a corporate-type plaintiff is de minimis").

acts as a chill to the very authors and creators whom the Copyright Act is intended to support. An evenhanded standard would better serve to promote the arts and useful sciences by providing greater incentives to defendants with meritorious defenses to vigorously litigate rather than to settle.

B. In Contexts Other than Civil Rights Litigation, Fee-Shifting Provisions Which Allow Awards of Fees to Prevailing "Parties" Have Been Given an Evenhanded Application.

While placing great emphasis on this Court's interpretation of the fee-shifting provisions set forth in civil rights legislation, Fantasy ignores case law interpreting *other* federal fee shifting statutes which have party-neutral language. In the context of patent legislation, which was authorized by the same constitutional provision upon which the Copyright Act is based, the Court is permitted "in exceptional cases" to award "reasonable attorney's fees" to the prevailing party.[12] 35 U.S.C. §285. Courts interpreting §285 of the patent legislation have interpreted the term "exceptional cases" to apply to cases where there is evidence of fraud, bad faith, gross negligence, unclean hands, or other unfair or inequitable conduct, where the prevailing party was *either* a plaintiff or a

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[12] That Congress did *not* intend to limit awards of attorney's fees in copyright cases to either the prevailing plaintiff or prevailing defendant to instances of frivolous or bad faith conduct is further exemplified by the fact that, when Congress intended to so limit fee awards in similar contexts, it did so expressly. Congress expressly amended the fee-shifting provision of the trademark legislation, 15 U.S.C. §1117, in 1975, prior to the amendment of the Copyright Act, to codify existing law limiting awards of attorney's fees to the prevailing party and to overrule this Court's decision in *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714, 720-721, 87 S.Ct. 1404, 18 L.Ed.2d 475 (1967). Similarly, Congress expressly amended the patent legislation, 35 U.S.C. §285, in 1952 to codify existing case law limiting awards of attorney's fees to "exceptional cases." S. Rep. No. 1979, 82 Cong., 2nd Sess. (1952), *reprinted in* 1952 U.S. Code Cong. & Ad. News 2394, 2423. Having included no such limitation in the 1976 amendment to the Copyright Act, it can be inferred that Congress did *not* intend to place similar limitations on awards of attorney's fees to prevailing parties in the copyright context.

defendant.[13] Indeed, one court has expressly addressed the question of whether different standards should apply to prevailing plaintiffs and defendants under the patent legislation, and concluded that "there is and should be no difference in the standards applicable to patentees and infringers who engage in bad faith litigation." *Eltech Systems Corporation v. PPG Industries Inc.*, 903 F.2d 805, 811 (Fed.Cir. 1990). In so holding, the *Eltech* court emphasized that the "different interests of the patentee and alleged infringer are adequately taken into account in the required evaluation of the totality of the circumstances." *Id.*

In contexts outside of copyright law where a "dual" standard (albeit a different "dual" standard than that of the Ninth Circuit) has been applied to awards of statutory attorney's fees, the legislative history of such statutes (unlike that of the Copyright Act) has expressly supported a dual standard. Thus, in the context of Lanham Act trademark claims, the legislative history indicated that a showing of bad faith by a defendant was required in order for a prevailing *plaintiff* to recover attorney's fees, but no such showing was required in order for prevailing defendants to recover their fees.[14] S. Rep. No. 1400, 93rd Cong., 2d Sess., *reprinted in* 1974 U.S.Code Cong. & Admin. News 7132, 7136-37. In *Scotch Whisky Association v. Majestic Distilling Co., Inc.*, 958 F.2d 594, 600 (4th Cir. 1992) *cert. denied* ___ U.S. ___, 113 S.Ct. 181, 121 L.Ed.2d 126 (1992), the Fourth Circuit noted the distinction between prevailing plaintiffs and defendants in the legislative history, and held:

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[13] *See, e.g., Burndy Corporation v. Kearney-National, Inc.*, 466 F.Supp 80, 91-92 (S.D.N.Y. 1979) *aff'd without op.* 614 F.2d 1286 (2d Cir. 1979), *cert. denied*, 449 U.S. 822, 101 S.Ct. 82, 66 L.Ed.2d 25 (1980) (denying prevailing plaintiff's motion for attorney's fees in absence of evidence of defendant's fraud, bad faith, gross negligence, or unclean hands); *Maurice A. Garbell, Inc. v. Boeing Co.*, 546 F.2d 297, 300 (9th Cir. 1976), *cert. denied*, 431 U.S. 955, 97 S.Ct. 2677, 53 L.Ed.2d 272 (1977) (upholding award of attorney's fees to prevailing defendant; case was exceptional because plaintiff acted in bad faith in its dealings with the Patent Office).

[14] Interestingly, the "dual" standard adopted in trademark cases is directly opposite to that adopted by the Ninth Circuit in copyright cases.

> "Significantly, in discussing fee awards to plaintiffs, the report speaks of acts characterized as 'malicious, fraudulent, deliberate and willful.' Notably absent in the discussion relating to fee awards to prevailing defendants is language suggesting a requirement of bad faith. This is consistent, we think, with the report's discussion of attorney fees to a plaintiff as completing his remedy whereas the discussion of fees for a winning defendant is couched in terms of providing the only remedy. . . . A prevailing defendant who has been wrongfully charged of falsely designating origin has only one source of restitution, recovery of attorney fees."[15]

III. The Sparse Legislative History of Section 505 Does Not Support the Limits on the Court's Discretion Imposed By the Ninth Circuit Standard.

Neither the 1961 report delivered to Congress by the Register of Copyright, nor the majority of attorney's fees cases decided under the 1909 Copyright Act, nor the studies relied upon by Fantasy endorsed the dual standard for an award of attorney's fees. While the dual standard applied to fee-shifting provisions of federal civil rights legislation relied upon by Respondent finds substantial (and express) support in the legislative history of such legislation,[16] the legislative history of the Copyright Act does not support the imposition of any particular standard to awards of attorney's fees and does not support an interpretation which limits the courts' discretion in awarding fees to prevailing defendants. The very section of the 1961 of the report of the Register of Copyrights relied upon by Respondent draws no distinction whatsoever

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[15] *See also Noxell Corporation v. Firehouse No. 1 Bar-B-Que Restaurant*, 771 F.2d 521, 526 (D.C. Cir. 1985) (bad faith of plaintiff not required for "exceptional" circumstances justifying fee award to prevailing defendant under Lanham Act; legislature did not intend "exceptional" to mean "hardly ever").

[16] *See, e.g.*, S. Rep. No. 94-1011, 94th Cong. 2d Sess. 4-5 (1976) *reprinted* in U.S. Code Cong. & Admin. News 1976, pp. 5908-5913; H. Rep. No. 94-1558, 94th Cong. 2d Sess. 2-8 (1976).

between the entitlement of plaintiffs and of defendants to attorney's fees under the 1909 Act. The report simply endorses the discretion of federal judges with respect to awards of attorney's fees under the 1909 Act and certainly does not limit the court's discretion to award attorney's fees to prevailing defendants in the manner that the Ninth Circuit has adopted.

A. While Frivolousness and Bad Faith Were Factors Considered by Some Courts in Awarding Attorney's Fees Under the 1909 Copyright Act, There was No Prevailing Standard, Like That of the Ninth Circuit, Which Placed Absolute Limits on the District Court's Discretion.

Respondent relies upon numerous cases decided under the 1909 Act in arguing that the current Ninth Circuit Standard prevailed prior to enactment of the 1976 Act. However, a review of the cases demonstrates that there was a wide range of discretion in the courts' determinations which was not limited by the constraints imposed by the present Ninth Circuit standard nor by the "objectively unreasonable" standard proposed by Fantasy.[17]

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[17] *See, e.g., Cain v. Universal Pictures Co.*, 47 F.Supp. 1013, 1019 (S.D. Cal. 1942) (allowance of fees to prevailing party is discretionary and should not be awarded unless equity considerations exist which calling for penalization of losing party; here, relationship of parties and circumstances do not warrant award to any party); *Caruthers v. R.K.O. Radio Pictures, Inc.*, 20 F.Supp. 906, 908 (S.D.N.Y. 1937) (denying fees due to lack of jurisdiction, since claims were based on common law copyright and not federal copyright act; noting in dicta that the denial of fees was made "with reluctance" because plaintiff's claims were wholly unfounded); *C.S. Hammond & Co. v. International College Globe, Inc.*, 210 F.Supp. 206, 219 (S.D.N.Y. 1962) (denying attorney's fees to prevailing defendant in copyright and unfair competition action due to absence of claim of harassment or reason to doubt plaintiff's good faith; no mention of attorney's fee provision or any standard for awarding fees thereunder); *Advertisers Exchange, Inc. v. Anderson*, 144 F.2d 907, 909 (8th Cir. 1944) (affirming denial of award of attorney's fees to prevailing defendant in action where plaintiff had failed to affix the form of copyright notice required by statute, deferring to discretion of district court); *Burnett v. Lambino*, 206 F.Supp. 517 (S.D.N.Y. 1962) (court exercised discretionary powers to award

The *only* pre-1976 Act case cited by Fantasy which expressly adopted a "dual" standard similar (though not

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fees to prevailing defendants, finding that although claim was not "wholly synthetic" or "fantastic," it was demonstrably lacking in merit and clearly unreasonable, and on such facts plaintiff should not be allowed to charge plagiarism with impunity); *Overman v. Loesser*, 205 F.2d 521, 524 (9th Cir. 1953), *cert. denied*, 346 U.S. 910, 74 S.Ct. 241, 98 L.Ed. 407 (1953) (since case was hard fought, involved complex question of law, and no indication that appeal pursued in bad faith, attorney's fees denied to prevailing defendant); *Official Aviation Guide Co. v. American Aviation Associates*, 162 F.2d 541, 543 (7th Cir. 1947) (award of attorney's fees under the 1909 Copyright Act "wholly discretionary;" where case hard fought and prosecuted in good faith, presented complex problem in law, and no further facts or circumstances indicated that court abused discretion, denial of fees was proper); *Corcoran v. Columbia Broadcasting System, Inc.*, 121 F.2d 575, 576 (9th Cir. 1941) (not an abuse of discretion to award fees to prevailing defendant where trial court found suit "without justification, either in law or in fact," despite finding that companion case was filed in good faith and raised unresolved issue of law); *Morse v. Fields*, 127 F.Supp. 63, 69 (S.D.N.Y. 1954) (denying attorney's fees to prevailing defendant where claim not capricious or unreasonable and judgment for defendant was result of thorough and difficult consideration of multitude of inferences to be drawn from evidence); *Krafft v. Cohen*, 38 F.Supp. 1022, 1023 (E.D.Pa. 1941) (fees denied to defendant where judgment for plaintiff for infringement was reversed due to defective copyright notice; defendants knowingly copied and profited from plaintiff's work and plaintiff brought action in good faith); *Metro Associated Services, Inc. v. Webster City Graphic, Inc.*, 117 F.Supp. 224, 234, 236 (N.D.Iowa 1953) (without reference to any standard other than discretionary nature of awards of fees under copyright act, court denied fees to prevailing defendant where plaintiff gave legally ineffective copyright notice); *Kinelow Publishing Co. v. Photography In Business, Inc.*, 270 F.Supp. 851, 855 (S.D.N.Y. 1967) (where plaintiff's claim for infringement was dismissed because plaintiff was mere licensee and not copyright owner, and where plaintiff's claims were lacking in merit but not unreasonable or capricious, fees to defendant not awarded); *Lewys v. O'Neill*, 49 F.2d 603 (S.D.N.Y. 1931) (fees awarded to defendant without discussion of any standard; Congress left courts free to adopt "wise English practice" of placing expense of litigation on losing party); *Leow's Incorporated v. Columbia Broadcasting System*, 131 F.Supp. 165, 186 (S.D.Cal. 1955), *aff'd sub nom Benny v. Leow's, Inc.*, 239 F.2d 532 (9th Cir. 1956), *aff'd without op. by equally divided court*, 356 U.S. 43, 78 S.Ct. 667, 2 L.Ed.2d 583 (1958) (awards of attorney's fees are matter of discretion; where case was treated as "test case" with no authorities squarely on point, interest of justice served by denying fees to prevailing plaintiff); *Lowenfels v. Nathan*, 2 F.Supp. 73, 80-81 (S.D.N.Y. 1932) (in case that was "long shot" for plaintiff that was "so earnestly argued and carefully briefed," unsuccessful plaintiff "must be made to pay for the expense to which he put the defendants"); *Mailer v. RKO Teleradio Pictures, Inc.*, 332 F.2d 747, 749-50 (2d Cir. 1964) (affirmed award

identical) to that espoused by Fantasy here was a 1967 case in the Southern District of New York. *Breffort v. I Had a Ball Company*, 271 F.Supp. 623 (S.D.N.Y. 1967). None of the numerous other pre-1976 cases *required* a showing of frivolousness or bad faith in order for a prevailing defendant to recover attorney's fees or purported to set a standard similar to that of the Ninth Circuit. These early cases merely held that, under the facts of the particular case, it was appropriate to either award or deny fees to the prevailing defendant, and there appears to have been a great variety of circumstances in which fees were or were not awarded.

For example, in *Rose v. Connelly*, 38 F.Supp. 54, 56 (S.D.N.Y. 1941), the district court evaluated all of plaintiff's evidence and granted summary judgment to the defendant, finding the plaintiff's briefing to have been "able," but concluding that the similarities between plaintiff's and defendant's plays were of public domain elements. The court then

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of attorney's fees to prevailing defendant under circumstances where plaintiff "had a legal argument" but whether argument was "good as a matter of conscience is a matter of more doubt" and where plaintiff attempted to use highly technical argument to extract unfair penalty from defendants); *Greenbie v. Noble*, 151 F.Supp. 45, 70 (S.D.N.Y. 1957) (where copying not established after consideration of all evidence but where plaintiff commenced action in good faith, court exercised discretion in rejecting prevailing defendant's request for counsel fees); *Gardner v. Nizer*, 396 F.Supp. 63, 64 (S.D.N.Y. 1975) (where plaintiff's action bordered on unreasonable, but was not frivolous or brought in bad faith and plaintiff was senior citizen with little income who relied on counsel's advice in bringing action, no fees awarded); *Edward B. Marks Music Corporation v. Continental Record Company*, 222 F.2d 488, 492-3 (2d Cir. 1955), *cert. denied*, 350 U.S. 861, 76 S.Ct. 101, 100 L.Ed. 764 (1955) (attorney's fees incurred in unsuccessful appeal by plaintiff not awarded to defendant; although court had discretion to award fees, in this case action was not vexatious, involved novel question of statutory interpretation and no reason to question good faith of plaintiff); *Jerome v. Twentieth Century-Fox Film Corp.*, 71 F.Supp. 914, 915 (S.D.N.Y. 1946) (court should consider all facts peculiar to case in deciding whether to award fees); *Rose v. Bourne*, 176 F.Supp. 605, 612 (S.D.N.Y. 1959), *aff'd* 279 F.2d 79 (2d Cir. 1960), *cert. denied* 364 U.S. 880, 81 S.Ct. 170, 5 L.Ed.2d 103 (1960) (no standard for fee awards set out and no limitations on discretion discussed; court merely balanced various aspects of case); *Continental Casualty Co. v. Beardsley*, 253 F.2d 702 (2nd Cir. 1958), *cert. denied* 358 U.S. 816, 79 S.Ct. 25, 3 L.Ed.2d 58 (1958) (denial of fees is matter for court's discretion; no standard set forth).

awarded attorney's fees to the prevailing defendant without much discussion and certainly without articulating any standard for such awards. On reargument, the court added that the plaintiff's contention that fees were not warranted because the defendant had refused to honor an agreement to arbitrate the claim had no merit, since the allowance of fees was *not* "punitive in nature."[18] *Id.* at 56.

In *Shapiro, Bernstein & Co. v. 4636 S. Vermont Ave., Inc.*, 367 F.2d 236 (9th Cir. 1966), the Ninth Circuit reversed an award of attorney's fees to a prevailing defendant, finding that the evidence did not support the district court's finding that the plaintiff had brought the suit in bad faith, since the applicable Supreme Court cases were "sufficiently susceptible" to the plaintiff's interpretation. *Id.* at 243. However, in *Shapiro, Bernstein & Co.*, the plaintiff had *succeeded* in proving infringement but was unable to prove any damages.[19] The defendant was found to be the prevailing party only because of a local rule which provided that a plaintiff who succeeds at trial but does not recover more than what had been offered in settlement is not a prevailing party. *Id.* Nothing in the court's opinion purports to set a general standard for awards of attorney's fees to prevailing defendants or to limit such awards only to cases in which bad faith or frivolousness could be established.

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[18] There appears to have been a great deal of disagreement among the district and appellate courts as to the underlying rationale for awards of attorney's fees in copyright cases under the 1909 Copyright Act. Some courts state that the purpose of such awards is to compensate the successful party. *See, e.g., Lowenfels v. Nathan, supra*, 2 F.Supp. at 80-81; *Rose v. Connelly, supra*, 38 F.Supp at 56; *cf. Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 399, 60 S.Ct. 681, 684, 84 L.Ed. 825 (1940) (object of damage provisions of copyright act is not to inflict punishment but to award injured copyright owner only that which fairness requires and nothing more). Other courts hold that the purpose of such awards is to punish the losing party. *See, e.g., Gardner v. Nizer, supra*, 396 F.Supp. at 64; *Rose v. Bourne, supra*, 176 F.Supp. at 612; *Barton Candy Corp. v. Tell Chocolate Novelties Corp.*, 178 F.Supp. 577, 584 (E.D.N.Y. 1959).

[19] Such a circumstance would certainly constitute an "exceptional" circumstance under the standard proposed by Fogerty that would support a district court's discretionary denial of fees.

The court in *Davis v. E.I. DuPont de Nemours & Co.*, 257 F.Supp. 729, 732 (S.D.N.Y. 1966) did not adopt or endorse a dual standard for fee awards under the Copyright Act. In fact, the *Davis* court expressly stated that it was not applying a "dual" standard in deciding to award fees to the prevailing plaintiff, but, instead, analyzed the facts particular to that case:

> "I will decide this application not on the basis of whether the award is sought by a successful plaintiff, rather than a successful defendant, but upon other general principles found in the relevant decisions."

Id. at 732.

In *Cloth v. Hyman*, 146 F.Supp. 185 (S.D.N.Y. 1956), the court expressly recognized that the attorney's fee provision of the 1909 Copyright Act

> "does not exposit the public policy[20] to be effectuated by the Court's exercise of its discretion in awarding 'a reasonable attorney's fee' to the prevailing party. *Nor does the statute suggest a formula or standard of evaluation.*"

Id., at 192-193 (emphasis added). The court then noted that it is proper to award fees where it is shown that a copyright action was brought in bad faith and the real motive of the action was to "vex and harass" the defendant or where the plaintiff's claim was clearly lacking in merit. *Id.* at 193. However, there is a great distinction between finding it proper to award fees where bad faith or lack of merit is shown and *requiring* such a finding before fees may be awarded.[21]

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[20] In a footnote, the court in *Cloth v. Hyman* noted that "[t]he public policies to be subserved by the sanction of awarding counsel fees may vary from field to field. Unless cognate policies are to be enforced, the decisions in one field would not be valid analogies in another." *Id.* at 192 n. 6.

[21] Similarly, the *Cloth v. Hyman* court's recognition that some cases have not allowed an award of attorney's fees where an infringement claim was "not synthetic, capricious or otherwise unreasonable," *id.* at 193, is not the equivalent of a standard that limits a court's discretion by absolutely *prohibiting* awards of attorney's fees under such circumstances, regardless of other considerations that might properly come into play.

Burns v. Twentieth Century-Fox Film Corp., 75 F.Supp. 986, 993 (D.Mass. 1948) also did not set forth any standard similar to that adopted by the Ninth Circuit or proposed by Fantasy. In *Burns*, the court, after hearing evidence in the case, entered judgment in the defendant's favor, finding that there was no credible evidence of access by the defendant to the plaintiff's book and that a review of the two works at issue demonstrated that no copying occurred. *Id.* at 987. After ruling on the merits, the court awarded attorney's fees to the prevailing party – the defendant – as a matter of course, without any discussion of any standard requiring a showing of bad faith, frivolousness, or "objective unreasonableness." *Id.* at 993.

As a review of the cases decided under the 1909 Act demonstrates, a great variety of reasons were given by the district courts in granting or denying fees to prevailing defendants, and the factors evaluated were not limited solely to whether the action was frivolous or brought in bad faith. In fact, in several cases, fees were awarded to prevailing defendants as a matter of course. *See, e.g., Burns v. Twentieth Century-Fox Film Corp., supra*, 75 F.Supp. at 993; *Lewys v. O'Neill, supra*, 49 F.2d at 618; *Marks v. Leo Feist, Inc.*, 8 F.2d 460, 461 (2d Cir. 1925).

B. The Copyright Office Studies Relied Upon by Respondent Do Not Provide Support for The Limited Discretion Granted by The Ninth Circuit Standard.

Respondent's argument that Congress "ratified" the standard adopted by the Ninth Circuit when it enacted the 1976 Copyright Act without revising Section 505's attorney fee provision fails, both because there was no "prevailing" judicial construction of the statute and because there is no evidence in the legislative history that Congress was aware of any particular standard for awarding attorney's fees under the

Copyright Act.[22] The studies submitted to the United States Copyright Office upon which Respondent relies neither discuss nor endorse a dual standard for awards of attorney's fees under Section 505's predecessor, Section 116 of the 1909 Copyright Act.

The first report relied upon by Respondent in arguing that the 1976 Copyright Act adopted the Ninth Circuit standard for awarding attorneys fees is William S. Strauss, *The Damage Provisions of the Copyright Law*, Copyright Study No. 22, 86th Cong., 2d Sess. 31 (Comm. Print 1960) ("Strauss Report"). The entire text of the Strauss report relating to the attorney's fee provisions of the 1909 Copyright Act reads:

> "Weil stated the reason for discretionary awarding of attorney's fees as follows:
>
> > 'The amount of money frequently involved in copyright litigation, especially on the part of the defendant is trifling. The expense of any litigation is considerable. Unless, therefore, some provision is made for financial protection to a litigant, if successful, it may not pay a party to defend rights, even if valid, a situation opposed to justice * * * . It is increasingly recognized that the person who forces another to engage counsel either to vindicate, or defend, a right should bear the expense of such

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[22] While Fantasy goes to great lengths to argue that Congress must have ratified or adopted the Ninth Circuit's dual standard in enacting Section 505 without substantially changing its language, no such conclusion is warranted. Congress' silence may mean nothing at all. *See, e.g., Community for Creative Non-Violence v. Reid, supra*, 109 S.Ct. at 2177 (rejecting argument that Congress meant to incorporate line of 1909 Act cases re employment relationship into 1976 Act; "[o]rdinarily 'Congress' silence is just that – silence' ") (citations omitted). The legislative history of the Copyright Act demonstrates that Congress knew how to codify the common law when it intended to do so. *See, e.g.*, H. Rep. No. 94-1476, 94th Cong., 2d Sess. 139 (1976) (noting that preservation of language of renewal provisions in 17 U.S.C. §304 without change in substance was intended to adopt meaning given to "posthumous work" in a Second Circuit case); H. Rep. No. 94-1476, 94th Cong., 2d Sess., 65-66 (1976) (giving express statutory recognition of judicial doctrine of fair use and stating that 17 U.S.C. §107 was "intended to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way").

> engagement and not his successful opponent * * * .' (Footnote omitted)
>
> The Vestal, Sirovich, Daly, Duffy and Shotwell bills contemplated no changes in the provision concerning costs and attorney's fees.
>
> The cases indicate that this discretion has been judiciously exercised by the courts. (Footnote omitted)[23]."

Rather than supporting a dual standard for awarding attorney's fees the text of the Strauss Report supports the broader, evenhanded rule advanced by Petitioner. No mention is made by Strauss of frivolous or bad faith claims, nor is there any reference to any intent to punish wrongdoing through awards of fees. According to the Strauss Report, the purpose of a discretionary award of attorney's fees in copyright cases is *not* to punish wrongdoing or frivolous conduct, but, rather, is to provide "financial protection" against the "considerable" expense of litigation where a party either successfully vindicates or successfully *defends* a "right."[24] Here, the author of a copyrighted work vindicated his copyright and defended his right to create new works in the songwriting style for which he became famous. In the process of defending his copyright against Fantasy's claims in this action, Fogerty incurred more than a "considerable" expense

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[23] The cases referred to in the Strauss Report footnote regarding "judicious exercise" of the discretion granted by the Copyright Act are not cited for any particular proposition, nor, as is shown in Section III(A) and footnote 17, above, do they set forth any standard which limits the district courts' discretion to award fees to prevailing defendants.

[24] Fantasy's reference to the Federalist Papers in support of the argument that the defense of infringement claims does not serve to promote the progress of arts and sciences is misguided. *See*, J. Madison, *The Federalist* No. 43, at 309 (B. Wright ed. 1961). As a matter of historical fact, it was probably a reference to the desire of the new republic to grant a copyright to "authors" rather than to "publishers," as had been the case in England. *See, e.g.*, Howard Abrams, *The Historic Foundation of American Copyright Law: Exploring the Myth of Common Law Copyright*, 29 Wayne L. Rev. 1119 (1983). Hence, Madison's reference to "claims" applies to defendant authors who uphold their own copyrights as well as to plaintiff authors who enforce a copyright.

in attorney's fees, and the quoted passage from Weil regarding the purpose of the fee-shifting provision is directly applicable to Fogerty's defense of his copyrighted work.

The second report relied upon by Fantasy also provides no support for its arguments. Ralph S. Brown, Jr., *The Operation of the Damage Provisions of the Copyright Law: An Exploratory Study*, Copyright Office No. 23, 86th Cong., 2d Sess. 84-86 (Comm. Print 1960) ("Brown Report"). The Brown Report sets forth no standard for awards of attorney's fees to prevailing plaintiffs or defendants and does not place limitations on the exercise of the courts' discretion. The Brown Report noted that "courts do not usually make an allowance at all if an unsuccessful plaintiff's claim was not 'synthetic, capricious or otherwise unreasonable,' or if the losing defendant raised real issues of fact or law," *id.* at 85, but did not state or cite any cases for the proposition that fees could *only* be awarded in such circumstances.[25]

The Brown Report also did not, as Respondent suggests, purport to "survey the prevailing case law" (Respondent's

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[25] In fact, the cases cited in the Brown Report support a conclusion that Congress, in enacting the 1976 Copyright Act, cannot be assumed to have ratified and adopted any particular standard for awarding fees in copyright cases. *Marks v. Leo Feist, Inc., supra*, did not even arguably adopt the Ninth Circuit standard. After noting the American rule that parties bear their own counsel fees in litigation, the *Marks* court stated that Congress "has seen fit to change the rule insofar as copyright cases are concerned." *Id.*, 8 F.2d at 461. The court noted that whether to award fees under the copyright act is a matter left to the trial court's discretion and then affirmed the award of fees to the prevailing defendant but modified the *amount* of the fees, setting out a standard for determining the "reasonableness" of the amount of a fee award. *Id.* The award of attorney's fees to the defendant in *Marks* thus appears to have been made as a matter of course, without the articulation of any standard limiting the court's discretion. The remaining cases cited in the Brown Report also did not adopt any absolute standard for awards of attorney's fees, but, rather, demonstrate the exercise of discretion under varying facts. *See, e.g., Eisenschiml v. Fawcett Publications, Inc.*, 246 F.2d 598, 603-4 (7th Cir. 1957), *cert. denied* 355 U.S. 907, 78 S.Ct. 334, 2 L.Ed.2d 262 (1957) (while not free from doubt, findings of special master and of district court that defendant did not substantially copy were affirmed as not clearly erroneous despite questionable ethics of defendant, but award of attorney's fees reversed because case involved close question and was not entirely without merit); *Cloth v. Hyman, supra*, 146 F.Supp. at 193; *Caruthers v. R.K.O. Radio Pictures, Inc., supra*, 20 F.Supp. at 908.

Brief at 48). Rather, the Brown Report's general statements regarding fee awards are expressly qualified with a recognition that the cases are far from uniform:

> "These observations about attorney's fees are not intended as an exhaustive treatment of the subject. The cases disclose a variety of miscellaneous reasons for denying fees, or for setting them at a particular figure. . . . "

Thus, despite Respondent's attempt to imply the adoption of the Ninth Circuit standard into the enactment of Section 505, neither the legislative history nor the studies leading up to the revision provide any indication that Congress was aware of any existing judicial interpretation of the attorney's fee provision that limited the court's discretion in awarding fees to prevailing defendants.

CONCLUSION

Petitioner Fogerty respectfully requests that the Court reject the Ninth Circuit standard and adopt an evenhanded standard for awards of attorney's fees under Section 505 that does not distinguish between prevailing plaintiffs and defendants and that allows the district courts, in their discretion, to award attorney's fees to defendants under the same circumstances as they presently award fees to plaintiffs. The Court should reverse the denial of Petitioner's application for an award of attorney's fees and remand to the district court for consideration under the above standard.

Respectfully submitted,

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1992

JOHN C. FOGERTY,

Petitioner,

v.

FANTASY, INC.,

Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF *AMICUS CURIAE* OF HEWLETT-PACKARD COMPANY IN SUPPORT OF PETITIONER

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QUESTION PRESENTED

Whether the application of different standards for awarding attorney's fees to prevailing plaintiffs and prevailing defendants under 17 U.S.C. § 505 is improper where there is no support for such a double standard in either the statute or its legislative history and where assertion of defenses which assist the courts and the public in ascertaining the scope of copyright protection to which a plaintiff is properly entitled under law provides societal benefits no less significant than those which ensue from the assertion of copyright claims.

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BRIEF *AMICUS CURIAE* OF HEWLETT-PACKARD COMPANY IN SUPPORT OF PETITIONER

This *amicus curiae* brief is submitted in support of Petitioner. Written consent to file this *amicus* brief was obtained from both parties and placed on file with the Clerk.

INTEREST OF THE *AMICUS CURIAE*

Hewlett-Packard Company is one of the prevailing defendants in a copyright infringement action, *Apple Computer, Inc. v. Microsoft Corp. and Hewlett-Packard Co.*, No. C 88 20149 VRW (N.D. Cal. filed Mar. 17, 1988). Hewlett-Packard's motion to recover its attorney's fees under 17 U.S.C. § 505 was denied by the Northern District of California on the basis of the existing Ninth Circuit interpretation of that statute. While under the circumstances of its case Hewlett-Packard should have been entitled to its attorney's fees under the existing Ninth Circuit rule, Hewlett-Packard also urged in the alternative that the Ninth Circuit's interpretation creating a double standard between prevailing plaintiffs and prevailing defendants is plainly wrong, in that it is without no support in either the statute or its legislative history and does not adequately account for the societal interests provided by the Copyright Law. The district court denied Hewlett-Packard's motion without prejudice, indicating that, were this Court to reverse in the case at bar, it would reconsider whether or not Hewlett-Packard is entitled to attorney's fees using an evenhanded approach to section 505.

In *Apple v. Microsoft and Hewlett-Packard*, the works in suit related to graphical user interfaces for personal computers, in particular the visual displays generated by computer programs that allow for the interaction between the user and the computer. Hewlett-Packard's defense was successful primarily because the copyrights asserted against it consisted largely of subject matter unprotectable under the Copyright Law. By successfully establishing, *inter alia*, that certain allegedly infringed material was functional; was an idea, method, or procedure; or was unprotectable according to limiting copyright doctrines such as merger and *scènes à faire*, Hewlett-Packard

prevented the copyright holder from impermissibly enlarging the scope of its copyright monopoly.

In such circumstances, a prevailing copyright defendant[1] serves not only its own interest, but also the public interest because the Copyright Law is equally concerned with what is protectable and with what is not protectable. For this reason, copyright defendants should be encouraged to maintain meritorious defenses and the courts should not employ a double standard in awarding attorney's fees.

Especially because a growing number of copyright infringement suits deal with computer-related works that are functional in nature,[2] there is a very real danger that plaintiffs will attempt improperly to protect under the Copyright Law subject matter whose protection must be judged under the very

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[1] The term "copyright defendant" is used herein to refer to any party alleged to infringe a copyright, whether as a defendant or a declaratory judgment plaintiff.

[2] *See, e.g., Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992) (copyrighted work in suit was a computer program for scheduling computer jobs); *Brown Bag Software v. Symantec Corp.*, 960 F.2d 1465 (9th Cir. 1992) (user interface for computer program for outlining); *Data East USA, Inc. v. Epyx, Inc.*, 862 F.2d 204 (9th Cir. 1988) (display of computer videogame); *Apple Computer, Inc. v. Microsoft Corp. and Hewlett-Packard Co.*, 799 F. Supp. 1006 (N.D. Cal. 1992) (user interface for computer operating system); *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 788 F. Supp. 78 (D. Mass. 1992) (user interface for computer spreadsheet program); *Lotus Dev. Corp. v. Paperback Software Int'l*, 740 F. Supp. 37 (D. Mass. 1990) (same).

different standards of the Patent Law. The threat of such claims will chill the willingness of persons to make use of subject matter which is in the public domain, frustrating a fundamental purpose of Copyright Law. Therefore, just as plaintiffs should be encouraged with a potential award of attorney's fees to pursue meritorious claims of copyright infringement, defendants should be encouraged to maintain meritorious defenses to copyright claims, particularly those claims that seek impermissibly to enlarge the scope of copyrights. Thus, parties such as Hewlett-Packard — defendants in copyright infringement suits involving technological works — will be particularly affected by the Court's decision in this case.

SUMMARY OF THE ARGUMENT

Although nothing in the language or the legislative history of 17 U.S.C. § 505 imposes a limitation on the discretion of a court to award attorney's fees to a prevailing defendant, the Ninth Circuit imposes a double standard, interjecting into the Copyright Law without any support a policy that may encourage plaintiffs to bring colorable claims of copyright infringement but neither encourages defendants to assert colorable defenses nor deters plaintiffs from seeking to enlarge impermissibly the scope of their copyrights. But this legislating on the part of the Ninth Circuit is shortsighted. As much as it is concerned with securing rights in protectable subject matter to copyright holders, Copyright Law is no less concerned with preserving unprotectable subject matter as part of the public domain. The public domain cannot protect itself; its protectors and advocates are the copyright defendants. Thus, a defendant who prevails by asserting meritorious defenses to defeat a claim of copyright infringement that seeks impermissibly to enlarge the lawful scope of a copyright monopoly deserves the encouragement of

an award of attorney's fees at least as much as a prevailing plaintiff. Such a defendant serves the public by protecting the public domain from encroachment by private claims.

Additionally, the law of copyrights exists alongside the laws of patents, trade secrets, trademarks and unfair competition, each providing a separate legal framework for protecting different types of intellectual property. Society is clearly harmed if subject matter that is properly subject to protection, if at all, only under the far stricter and significantly more limiting standards of the Patent Law is improperly asserted by a plaintiff as protectable under the Copyright Law. A defendant who successfully opposes a copyright infringement claim on these grounds serves the public interest, and is no less deserving than a prevailing plaintiff of the encouragement of a potential award of attorney's fees under section 505.

Finally, an increasing number of copyright infringement actions involve technical rather than artistic works. Some include demands for millions or even billions of dollars in damages, and require the expenditure of attorney's fees totalling hundreds of thousands, even millions of dollars. Particularly because of the importance of these actions to significant industries, and because successful copyright defendants serve public interests that are just as important as those served by plaintiffs who bring colorable claims of infringement, there should be no double standard of requiring a prevailing defendant to show bad faith or frivolity in order to receive an award of attorney's fees under section 505. As the plain and unambiguous language of the statute provides, an award of attorney's fees to whichever party prevails should be left to the sound discretion of the courts.

ARGUMENT

I. THE RATIONALE FOR EMPLOYING A DOUBLE STANDARD IGNORES THE IMPORTANT PUBLIC INTEREST IN PREVENTING COPYRIGHT HOLDERS FROM IMPERMISSIBLY ENLARGING THE SCOPE OF THE COPYRIGHT MONOPOLY

When interpreting 17 U.S.C. § 505,[3] the brief, unrevealing discussions of the courts of appeals that employ the double standard for prevailing copyright defendants point primarily to the policy consideration of avoiding a potential "chilling" of colorable copyright claims as the basis for deviating from the plain language of the statute. For example, citing the rationale of the Second Circuit, the Ninth Circuit has expressed the view that "'[a]ttorney's fees to prevailing defendants [should] be awarded circumspectly to avoid chilling a copyright holder's incentive to sue on "colorable" claims.'" *McCulloch v. Albert E. Price, Inc.*, 823 F.2d 316, 322-23 (9th Cir. 1987) (quoting *Roth v. Pritikin*, 787 F.2d 54, 57 (2d Cir. 1986)). *See also Diamond v. Am-Law Publishing Corp.*, 745

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[3] The staute, in pertinent part, provides that "the court may also award a reasonable attorney's fee to the prevailing party as part of the costs." 17 U.S.C. § 505 (1988). This provision of the Copyright Law differs from the analogous provisions of the Patent and Trademark Laws. In a patent or trademark action, a court may award attorney's fees to the prevailing party only in "exceptional cases." 35 U.S.C. § 285 (1988); 15 U.S.C. § 1117(a) (1988). Clearly, Congress has demonstrated that when it wishes to qualify the circumstances under which a prevailing party may receive attorney fees, it drafts explicit statutory language to so provide. Congress obviously chose not to do so in the case of 17 U.S.C. § 505.

F.2d 142, 148 (2d Cir. 1984) ("Fees to a prevailing defendant should not be awarded when the plaintiff's claim is colorable since such awards would diminish the intended incentive to bring such claims.").

None of the circuits that follow the double standard provides an explanation *why* any concerns over a "chilling effect" could not be considered by a court as part of the exercise of its discretion as already provided by Congress in the plain language of section 505.[4] But more importantly, the focus of those circuits is one-sided and limited. Encouraging copyright holders to bring claims at best serves only one purpose of section 505, because the Copyright Law does not exist solely for the benefit of copyright holders. Ultimately, it exists for the benefit of the public and society as a whole.

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[4] Because the statute provides that "the court *may* also award a reasonable attorney's fee to the prevailing party," 17 U.S.C. § 505 (1988) (emphasis added), it is clear that Congress has not mandated an award of attorney's fees to *all* prevailing parties; such an award is instead "left to the court's discretion." H.R. Rep. No. 1476, 94th Cong., 2d Sess. 163 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5779. Thus, a court may take into account as part of the exercise of its discretion whether a fee award to a prevailing copyright defendant in a particular case would unfairly burden a particular plaintiff or would have any "chilling effect" on potential deserving plaintiffs. Therefore, even if the primary policy underlying the statute were to avoid a "chilling effect," there is no need to read into section 505 a requirement that a prevailing defendant must demonstrate that the plaintiff's action was frivolous or brought in bad faith. This is especially so given the plain language of section 505 and the absence of any clear legislative history indicating that Congress intended to impose a double standard on prevailing defendants.

Certainly, it is just as vital to the public interest that Copyright Law not be used to secure private ownership of subject matter that is already in the public domain as it is that authors not be "chilled" from seeking to protect their creative efforts.

A. Copyright Law Is Equally Concerned with What Is Protectable and What Is Not Protectable

This Court has consistently recognized that the ultimate objective of granting limited copyright monopolies is to benefit the public and that the Copyright Law seeks to balance the interests of both copyright holders and the rest of society:

> The limited scope of the copyright holder's statutory monopoly, like the limited copyright duration required by the Constitution, reflects a balance of competing claims upon the public interest: Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts. The immediate effect of our copyright law is to secure a fair return for an "author's" creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good. "The sole interest of the United States and the primary object in conferring the monopoly," this Court has said, "lie in the general benefits derived by the public from the labors of authors."

Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975) (footnotes omitted) (quoting *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932)). This Court more recently has noted similarly that the Copyright Law "involves a difficult balance between the interests of authors and inventors in the control and exploitation of their writings and discoveries on the

one hand, and society's competing interest in the free flow of ideas, information, and commerce on the other hand." *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984).

The leading commentators in the field are in full accord. As Professor Goldstein writes:

> The central purpose of copyright law in the United States is to encourage the production of original literary, artistic and musical expression. All creative works build on the works and traditions that precede them. Copyright law offers a limited property right that at once promises authors and publishers protection for the product of their labors and ensures them the freedom to borrow unprotected elements from the copyrighted works of others.

1 Paul Goldstein, *Copyright* at xlix (1989); *see also* 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 1.03[A] (1993).

Thus, it is an important public policy that subject matter unprotectable under the Copyright Law should be free for all to use. A principal distinction between protectable and unprotectable subject matter is found in the idea-expression dichotomy that is central to the protection afforded under copyright. The 1976 Copyright Act codified the distinction between ideas and expression as section 102(b) of Title 17.[5]

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[5] "In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, (continued...)

Congress explained this distinction, long recognized by the courts,[6] as follows:

> Copyright does not preclude others from using the ideas or information revealed by the author's work. It pertains to the literary, musical, graphic, or artistic form in which the author expressed intellectual concepts. Section 102(b) makes clear that copyright protection does not extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

H.R. Rep. No. 1476, *supra*, at 57, *reprinted in* 1976 U.S.C.C.A.N. at 5670. As Professor Goldstein explains, "[a] work's ideas consist of those elements that Congress and the courts consider too fundamental to be surrounded by property rights . . . . Copyright law withholds protection from ideas on the principle that the national culture would languish if creators had to pay tribute each time they employed one of these building blocks." 1 Goldstein, *supra*, § 1.2.2.4.

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[5](...continued)
regardless of the form in which it is described, explained, illustrated, or embodied in such work." 17 U.S.C. § 102(b) (1988).

[6] "Section 102(b) in no way enlarges or contracts the scope of copyright protection under the present law. Its purpose is to restate, in the context of the new single Federal system of copyright, that the basic dichotomy between expression and idea remains unchanged." H.R. Rep. No. 1476, *supra*, at 57, *reprinted in* 1976 U.S.C.C.A.N. at 5670.

As an adjunct to the fundamental copyright principle that ideas are unprotectable, courts have developed several doctrines that limit the scope of copyrightable material. The doctrines of "merger," "inseparable expression," and "limited number of expressions" hold that where an idea coincides with its expression, or is susceptible of only a limited number of ways of expression, the expression is unprotectable or protectable against only identical copying. *See, e.g., Johnson Controls, Inc. v. Phoenix Control Sys., Inc.*, 886 F.2d 1173, 1175 (9th Cir. 1989); *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1168 & n.10 (9th Cir. 1977); *Morrissey v. Procter & Gamble Co.*, 379 F.2d 675, 678-79 (1st Cir. 1967). Similarly, the doctrines of "indispensable expression" and "*scènes à faire*" hold that expression that is indispensable to an idea, or that naturally follows from an idea, is unprotectable, or virtually unprotectable, under copyright. *See, e.g., Johnson Controls*, 886 F.2d at 1175; *Data East*, 862 F.2d at 208.[7]

While the courts may use a variety of terms to describe these limiting doctrines of copyright,[8] their common purpose

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[7] As discussed more fully in Section I.B, *infra*, copyright also affords no protection to aspects of a work that are functional.

[8] The limiting doctrines of copyright law have significantly determined the scope of protection in the recent copyright cases involving computer-related works. *See, e.g., Computer Assocs.*, 982 F.2d at 706-710; *Brown Bag*, 960 F.2d at 1472-73; *Data East*, 862 F.2d at 209; *Apple v. Microsoft and Hewlett-Packard*, 799 F. Supp. at 1021-22.

is to assure that ideas remain in the public domain. As one commentator summarizes:

> Regardless of the variations of terminology occasioned by the limitations of the English language in treating with such evanescent abstractions, the cases generally exhibit a surprising uniformity of approach and conception. The courts wholeheartedly recognize that ideas, new or old, when once disclosed must be kept "free as air" for all to use. They recognize further that the vast accumulation of human experience, the character of man and his world in all its varying phases, and the relationships of each to the other and to other men and to other things, not only in the general but the specific, are not and cannot become the "property" of anyone regardless of how they are expressed. These things are the universal heritage, the public commons, from which all may freely draw sustenance and which all may use as seems most satisfactory to them.
>
> . . . .
>
> There are many differences in terminology and each case presents individual facts. Nevertheless, a study of the opinions leads one to the clear conclusion that in general the courts appreciate the vital importance of preventing this public commons from being fenced in by any private individual, and have recognized its scope and extent.

William B. Carman, *The Function of the Judge and Jury in the "Literary Property" Lawsuit*, 42 Calif. L. Rev. 52, 57-59 (1954); *see also Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964) (noting "the federal policy, found in

Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain").

What should be kept in mind for purposes of reviewing the decision of the Ninth Circuit in the case at bar is that, while protection of this public domain of unprotectable material is vital to upholding "society's . . . interest in the free flow of ideas, information, and commerce," *Sony*, 464 U.S. at 429, the public domain has no means of self-protection. The courts of appeals that have interpreted section 505 to embody an evenhanded approach to prevailing parties recognize that the public is protected by limiting the rights asserted by copyright holders to what is conferred by the Copyright Law.

Thus, in adhering to the plain language of section 505 and rejecting the reasoning of the Second Circuit in *Diamond v. Am-Law Publishing Corp.*, the Third Circuit has held:

> [W]e [do not] accept the double standard for plaintiffs and defendants. . . . [W]e find no justification for such a departure from the law's presumed equality of treatment. Although *Diamond* divined an intent to encourage copyright holders to pursue infringers, we note that in many cases the defendants are holders. Similarly, *we fail to see the virtue in encouraging an attempt to enlarge the scope of the copyright monopoly beyond that conferred by the statute*.

Lieb v. Topstone Indus., Inc., 788 F.2d 151, 155 (3rd Cir. 1986) (emphasis added); *see also Original Appalachian Artworks, Inc. v. McCall Pattern Co.*, 825 F.2d 355, 356-57 (11th Cir. 1987).

Explaining its ruling, the Third Circuit has noted that the "American rule" — which holds that ordinarily a party is not entitled to attorney's fee merely because it prevails — already recognizes that attorney's fees may be awarded in cases of bad faith:

> [T]he statutory authorization [in section 505] is broad and evidences an intent to rely on the sound judgment of the district courts. Had Congress intended to condition the award of fees on the presence of bad faith, the statutory provision would have been surplusage. "[E]ven under the American common-law rule attorney's fees may be awarded against a party who has proceeded in bad faith."

Id., at 155 (quoting *Christianburg Garment Co. v. EEOC*, 434 U.S. 412, 419 (1978)).

In rejecting the double standard in favor of an evenhanded application of section 505, the Third Circuit cited with approval the decision of the district court in *Cohen v. Virginia Electric & Power Co.*, 617 F. Supp. 619 (E.D. Va. 1985), *aff'd on other grounds*, 788 F.2d 247 (4th Cir. 1986), where the court reasoned as follows:

> Nor am I persuaded that a distinction should be made in an award because there is some need to encourage plaintiffs to file suit which differs in public benefit from a need to encourage defendants to defend suits. *Copyright laws are not intended for the benefit of prospective plaintiffs*. Who may be a plaintiff and who may be a defendant doesn't define the difference between good guys and bad guys. . . . *Nor can it be argued on any principled ground that society is better off when a plaintiff files and wins a copyright*

> *infringement suit than when a defendant defends and wins a copyright infringement suit*. Indeed, if there is any difference between the two we must remember that it wasn't the defendant who chose to litigate.

Id. at 622-23 (emphasis added).

Professor Jaszi has explained that a double standard should not be read into section 505 because copyright serves to benefit the public and because the only way to preserve the public domain is for copyright defendants to maintain defenses against infringement suits. As he wrote recently:

> [C]ertainly, [section 505] exists in part to encourage the filing of copyright actions, and to discourage infringement itself. But that is not, or should not be, the whole story. In many of the areas of law where the possibility of awards of attorney's fees is provided for by statute, there is no significant public interest to be balanced against that represented by the private plaintiff in civil litigation. There is, for example, [in the case of prevailing defendants under the Civil Rights Attorney's Fees Award Act, 42 U.S.C. § 1988 (1989)] no public interest in encouraging any level of discrimination based on race, gender, or ethnic origin. But copyright is another matter. *In copyright, there is strong countervailing interest in seeing that members of the public be allowed to make all legally allowable use of works of creativity — and thus that the outer contours of copyright law be demarcated with as much clarity as possible*. The process of demarcation occurs, in most cases, only through repeated litigation of difficult issues.

> Vigorous, persistent assertion of defenses to claims of infringement is part of the life blood of our copyright system. To the extent that the rules of the game of copyright litigation, including section 505, tend to discourage the assertion and litigation of meritorious defenses, the resulting tendency toward the settlement will produce, inevitably, a kind of systemic anemia. Settlements, whatever their value to the immediate parties, do not benefit the public at large by helping to mark out the outer contours of copyright protection; indeed, the practical effect of some settlements may be to *suggest* that those contours are more generous than is in fact the case.

Peter Jaszi, *505 and All That — The Defendant's Dilemma*, 55 Law & Contemp. Probs. 107, 111-12 (Spring 1992) (footnotes omitted) (first emphasis added).

The circuits that have justified reading a double standard into section 505 by pointing to a need to prevent a "chilling effect" on potential plaintiffs have taken a myopic view of the Copyright Law. Because the paramount purpose of copyright — to benefit the public — is at least equally served by maintaining defenses to copyright infringement suits that arguably seek improperly to expand the lawful scope of copyright protection, this Court should strike down the double standard in favor of an evenhanded application of section 505.

B. The Public Interest Is Served by the Demarcation Between the Subject Matter of the Copyright and Patent Laws

Congress has made a sharp distinction between the kinds of subject matter that should be protected by the Patent and

Copyright Laws. The Copyright Law takes pains to prevent protection under its purview of the functional subject matter that is meant to be given protection only under the Patent Law. First, as noted in Section I.A, *supra*, Congress has proscribed copyright protection for any "idea, procedure, process, system, method of operation, concept, principle, or discovery." 17 U.S.C. § 102(b) (1988). In addition, the Copyright Law provides that utilitarian works will be given copyright protection only to the extent that separable, artistic expression can be identified. *See* 17 U.S.C. § 101 (1988) (definitions of "Pictorial, graphic, and sculptural works" and "useful article"); *Brandir Int'l, Inc. v. Cascade Pacific Lumber Co.*, 834 F.2d 1142, 1142-43 (2d Cir. 1987); *Fabrica Inc. v. El Dorado Corp.*, 697 F.2d 890, 892-93 (9th Cir. 1983).

The distinction between patentable and copyrightable subject matter was discussed in the Court's seminal case of *Baker v. Selden*, 101 U.S. (11 Otto) 99 (1879), where the copyrighted work was a book on an accounting method. The plaintiff asserted that certain accounting forms used to carry out the method and included in the book were protectable under his copyright. This Court rejected that contention, explaining its rationale by way of analogies:

> A treatise on the composition and use of medicines, be they old or new; on the construction and use of ploughs, or watches, or churns; or on the mixture and application of colors for painting or dyeing; or on the mode of drawing lines to produce the effect of perspective, — would be the subject of copyright; but *no one would contend that the copyright of the treatise would give the exclusive right to the art or manufacture described therein.* The copyright of the book, if not pirated from other works, would be valid without regard to the novelty, or want of novelty, of

> its subject-matter. The novelty of the art or thing described or explained has nothing to do with the validity of the copyright. *To give to the author of the book an exclusive property in the art described therein, when no examination of its novelty has ever been officially made, would be a surprise and a fraud upon the public*. That is the province of letters-patent, not of copyright. The claim to an invention or discovery of an art or manufacture must be subjected to the examination of the Patent Office before an exclusive right therein can be obtained; and it can only be secured by a patent from the government.

Id. at 102 (emphasis added).

The surprise and the fraud on the public which occurs when a plaintiff successfully extends the scope of copyright protection to functional matters properly in the domain of Patent Law may be prevented only by encouraging vigorous defenses to any such claims. The societal stakes are high.

Congress has purposely made rigorous the requirements to obtain patent protection for functional subject matter and has limited the time for which the monopoly has been granted. The reason is the delicate balance reached for encouraging what is truly an invention by granting a monopoly for a limited time, and the great public interest in having functional subject matter in the public domain to promote efficiency and utility.

The differences between the standards of the Patent Law and the Copyright Law are evident from the vastly different systems that Congress has established for the granting of patents and copyrights. Applications for patents are subject to an extensive examination system and the resulting patents have a relatively short life, while copyright are obtained through a

simple registration system and have a relatively long life. Specifically, protection of utilitarian subject matter under Patent Law is invoked by the filing of a detailed patent application that is examined by the Patent and Trademark Office to determine if the rigorous statutory requirements of utility, novelty, and nonobviousness are met (*see* 35 U.S.C. §§ 101-03 (1988)) and the payment of significant fees, with the duration of the patent being a relatively moderate seventeen years, 35 U.S.C. § 154 (1988).

In contrast, protection of expressive, non-utilitarian subject matter under Copyright Law is secured by the simple, mechanical filing of a form and a modest fee. The duration of a copyright is enormous, encompassing up to seventy-five years or more.[9] The wide disparity of the requirements for and length of copyright protection versus patent protection reflects the different societal needs they fulfill. It may be that no great societal need is harmed by conferring on the owner of a copyright of a comic book, to take one example, a monopoly on the expression it contains for the better part of a century. However, this certainly does not hold true for technology such as procedures which make computers easier to use and therefore bring their power to a much greater segment of the population and reduce dramatically the cost of training for computer users.

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[9] In the case of individuals, copyright endures for a term consiting of the life of the author plus fifty years. 17 U.S.C. § 302(a) (1988). In the case of a work made for hire, such as by a corporate employee, copyright endures for a term of seventy-five years from the date of first publication, or 100 years from the year of its creation, whichever expires first. 17 U.S.C. § 302(c) (1988).

Professor Goldstein explains the different interests of society in the protection of functional and non-functional subject matter:

> Functional works depend for their value primarily on the ingenuity, accuracy and efficiency — the utility — of their underlying system, concept or method. As a result, enforcement of copyright in these works inevitably threatens the fundamental precept that copyright protection shall not extend to any "idea, procedure, process, system, method of operation, concept, principle, or discovery." Copyright in functional works is in this respect like copyright in fact works, which poses the similar danger of monopolizing elements that should be available for free use by all. The important difference is that in protecting works that are essentially functional in nature, copyright may contradict the principle that protection for these utilitarian elements is better left to the more exacting standards of patent and trade secret law.
>
> The dangers posed by copyright protection for functional works can be illustrated by comparing the consequences of a decision that one purely literary work infringes another with the consequences of a determination that one functional work infringes another. Prohibiting other poets from copying the aesthetically pleasing line "Euclid alone has looked on beauty bare," or even prohibiting them from varying it insubstantially, will leave poets free to invent a large number of equally elegant lines expressing the identical point. By contrast, to prohibit competitors from copying or slightly varying an airtight legal form runs the risk of forcing them to draft a possibly less

> effective form or, at the very least, to reinvent the wheel; it may also force their prospective customers to buy plaintiff's form. The result in any case is socially and economically wasteful behavior. Once the optimum in a functional work has been reached, consumers have no particular interest in seeing the work expressed differently, for consumers are interested in the function, not the expression.

2 Goldstein, *supra*, § 8.5, at 116-117 (footnotes omitted).

This interest of consumers to have the protection of Copyright Law limited to non-functional matter is great and can be served only by encouraging defendants to raise and persist in pursuing legitimate defenses of functionality and the like. *See, e.g., Computer Assocs.*, 982 F.2d at 704-06; *Brown Bag*, 960 F.2d at 1472-73; *Apple v. Microsoft and Hewlett-Packard*, 799 F. Supp. at 1022-24. Otherwise, plaintiffs will be unduly encouraged to seek the seventy-five year monopolies afforded by copyrights for functional subject matter in the public domain and to assert or threaten to assert those claims against users of such matter. A defendant faced with the prospect of such a claim is generally in a lose-lose position. If it loses, it will have to pay the plaintiffs' attorneys fees as well as its own; if it wins, it still will have to pay for its own attorneys' fees.

Further, this state of affairs inevitably chills innovations. A potential defendant will shy away from using a functional element if faced with the prospect of a costly copyright suit with no reasonable expectation that he will even get his attorney's fees back — no matter how meritorious his defense. Competition suffers and the public pays the bill in the form of higher prices charged by the monopolist. In fact, a plaintiff always has the monetary incentive to bring a suit because of its

potential recovery of its damages, statutory damages or defendant's profits.

This reality inevitably moves the law toward conferring copyright protection on functional subject matter, with consequent incalculable harm to the public interest. Congress apparently recognized the balance of societal interests inherent in the even award of attorneys' fees when promulgating section 505 of the statute with no distinction between prevailing defendants and plaintiffs.

II. THE INCREASING FREQUENCY OF COPYRIGHT LITIGATION OVER TECHNOLOGICAL WORKS DEMONSTRATES THE NEED FOR AN EVEN-HANDED APPROACH IN APPLYING SECTION 505

Another aspect of copyright upon which this Court has remarked is that technological change is often at the heart of considerations of the Copyright Law. As the Court has noted: "From its beginning, the law of copyright has developed in response to significant changes in technology." *Sony*, 464 U.S. at 430; *see also Twentieth Century Music*, 422 U.S. at 156 ("When technological change has rendered its literal terms ambiguous, the Copyright Act must be construed in light of [its] basic purpose.").

Technological change is also implicated in the case at bar, not because of the particular facts of the controversy between the parties, but because of future cases in which section 505 will be a factor. It is increasingly more common for copyright infringement actions to be instituted in which the works in suit are neither songs, paintings, nor films, but computer programs. This trend can be expected to continue in the coming years given the explosive expansion of computer technology. While

computer programs can have expressive elements that are properly protected under copyright, they are also quite likely to include elements that are properly characterized as functional, or as ideas, methods, procedures, etc., and thus unprotectable under the Copyright Law.

An over-zealous plaintiff, for the price of a $20 fee to obtain a copyright registration, is able to bring a charge of infringement that is perhaps colorable, but in the end attempts improperly to enlarge the scope of his or her copyright to encompass uncopyrightable subject matter. Given the market for many computer programs, a defendant may be forced to spend six- and seven-figure sums in attorney's fees to defend against damage claims of seven-, eight-, nine-, or even ten-figure amounts.[10] However, under the Ninth Circuit's double standard, with no showing of bad faith or frivolity, a copyright defendant who serves the public interest by maintaining meritorious defenses that properly limit the scope of a copyright monopoly is unable to recoup its legal fees. In the end the cost to such a prevailing defendant is far greater than the cost to most *losing* defendants in cases involving artistic copyrights.

The many copyright claims now being brought based on computer programs and related works are fraught with questions regarding the scope of copyright protection that may properly be afforded to such works, and as such shape copyright law in significant ways. Professor Goldstein has noted:

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[10] In *Apple v. Microsoft and Hewlett-Packard*, the plaintiff sought damages of over $5.5 billion. *See* Lawrence M. Fisher, *Most of Apple's Copyright Suit Is Dismissed*, N.Y. Times, April 15, 1992 at D5.

> Courts . . . play a major role in shaping copyright law. The 1976 Act, like its predecessors, leaves three of the great questions of copyright primarily to the judiciary: What constitutes original authorship qualifying for protection? *Where should the line be drawn between a work's unprotectible ideas and its protectible expression?* What constitutes infringement?

1 Goldstein, *supra*, at 1 (emphasis added). Of course, courts can play their major role only when construing cases and controversies arising under the Copyright Law. But with a double standard followed by several circuits in applying section 505, copyright defendants with meritorious defenses are discouraged from asserting those defenses. Society is thus injured by a failure to uphold fully its interest in maintaining proper boundaries for the public domain.

As Professor Jaszi concludes:

> Today, copyright law is approaching a crisis, as the pressure to expand its coverage grows ever stronger, and the forces capable of resisting those pressures ever weaker. As technical, and even trivial, as the subject of attorney's fees may seem when viewed from the standpoint of grand theory, section 505 and its proper application are of the greatest practical importance to the actual conduct of copyright litigation, and thus to the vindication of the interests that the American law of copyright is designed to promote.

Jaszi, *supra*, at 126-27. Therefore, this Court should further the public interest by ruling that section 505 must be applied evenhandedly to prevailing plaintiffs and prevailing defendants.

CONCLUSION

For the foregoing reasons, *amicus curiae* Hewlett-Packard Company respectfully urges that the decision of the Ninth Circuit, insofar as it proclaims a double standard under 17 U.S.C. § 505, be reversed and that the evenhanded approach followed by the Third and Eleventh Circuits be adopted universally.

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In The

Supreme Court of the United States

October Term, 1993

John C. Fogerty,

Petitioner,

v.

Fantasy, Inc.,

Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF *AMICUS CURIAE* OF APPLE COMPUTER, INC. IN SUPPORT OF RESPONDENT

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IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1993

No. 92-1750

JOHN C. FOGERTY,

Petitioner,

v.

FANTASY, INC.,

Respondent.

On Writ of Certiorari to the United States
Court of Appeals for the Ninth Circuit

BRIEF *AMICUS CURIAE* OF APPLE COMPUTER, INC. IN SUPPORT OF RESPONDENT

This *amicus curiae* brief is submitted in support of Respondent. Written consent to file this *amicus* brief was obtained from both parties and placed on file with the Clerk.

INTEREST OF APPLE COMPUTER, INC. AS AMICUS CURIAE

Apple Computer, Inc. is the plaintiff in an action for infringement of the Apple copyrighted audiovisual works that constitute the graphical user interface of Apple's Macintosh computers, *Apple Computer, Inc. v. Microsoft Corp. & Hewlett-Packard Co.*, No. C 88 20149 VRW (N.D. Cal. filed Mar. 17, 1988). After a series of rulings on court-invited motions,[1] the parties, "recogniz[ing] that, in light of the prior rulings . . . it would be in the best interest of judicial economy and efficiency to obtain an early review of those rulings on appeal rather than proceeding to trial," stipulated to the entry of a final summary judgment in favor of defendants so that Apple "may notice and prosecute an appeal therefrom." [May 23, 1993 Stipulation ¶¶ 1, 2.]

Defendants subsequently moved for an award of attorneys' fees and costs under 17 U.S.C. § 505. The motions were denied by the district court on the basis of the governing authorities, including the ruling of the court of appeals under review here. In so-ruling, the court commented that:

> The Court recalls very well the action was initiated in a context of copyright law concerning computers that was dramatically different from that which exists now, five years later.
>
> When the action was begun the [*Whelan*] case, the *Broberbund* case, various others, suggested a very

[1] The reported decisions on the various motions filed in the case are at 709 F. Supp. 925 (N.D. Cal. 1989); 717 F. Supp. 1428 (N.D. Cal. 1989); 759 F. Supp. 1444 (N.D. Cal. 1991); 779 F. Supp. 133 (N.D. Cal. 1991); 799 F. Supp. 1006 (N.D. Cal. 1992).

> broad-ranging and muscular interpretation of copyright protection as it applies to certain computer software.
>
> As time has gone on and other cases have come forward, the legal environment has changed. . . . [T]he current environment is a different one from that which existed five years ago when the action was initiated.
>
> . . . .
>
> . . . I am convinced without any question that, in the context of the highly uncertain environment in which computers were regarded in the law with regard to copyright protection, that the filing of this lawsuit was most certainly not in bad faith. It was a considered and thoughtful effort on the part of Apple to protect its copyrights and protect very valuable intellectual property, and that's a very, very long way in my view from anything that approaches bad faith.
>
> Nor do I consider that the case was at any time prosecuted in bad faith.

July 30, 1993 Tr. of Proceedings 34-36. However, the court made it clear that:

> In the event that the Supreme Court's decision in *Fogerty* results in a modification of the Ninth Circuit's rule and attorney fees are recoverable without a showing of bad faith, the Court will entertain at an appropriate time any motion that the parties may wish to bring to recover fees.

July 30, 1993 Tr. of Proceedings 37. Accordingly, Apple has an acute interest in the outcome of the appeal in this case.

Furthermore, Apple is a leading innovator in the fields of computer programming, computer graphics and animation and, more recently, media integration (the creation of multimedia products combining sound, video and animation artistries). The legal protection of its creative works against misappropriation by copiers is essential to the maintenance of its business. Apple therefore has an abiding interest in pursuing, on an objectively reasonable basis, infringement claims against the copiers who seek to trade on the creative efforts of its employees, undeterred by the risk of payment of a defendant's attorneys' fees if the case is lost. It has a need to know with reasonable predictability that, so long as it acts reasonably, it can enforce its copyrights without the risk of bearing the extraordinary cost of both its own and the defendant's attorneys' fees.

Summary of Argument

The Ninth Circuit rule that directs the exercise of discretion under 17 U.S.C. § 505 to require denial of an attorneys' fee award against a losing plaintiff unless it appears that the action was frivolous or brought in bad faith (hereinafter referred to as "the Ninth Circuit rule") has a long history, with presumed congressional approval by enactment of the 1976 Copyright Act. That is the rule adopted by this Court and other federal courts in interpreting substantially identical statutory provisions relating to the enforcement of other federal laws. The rationale supporting that rule--essentially to avoid deterring a copyright holder from pursuing a justifiable infringement claim and thus to encourage the creation of original copyrightable works--is sound.

The wisdom of the rule is especially evident with respect to suits to enforce copyrights protecting computer software. The copying of computer code is easily disguised, making the copying hard to discover and substantial similarity difficult to demonstrate. Moreover, notwithstanding the congressional directive that computer programs be protected as "literary

works" under the Copyright Act, resistance to that directive has recently led to major revisions by some courts of the traditional judicial approaches to adjudicating copyright infringement issues. As illustrated in the *Apple* case, diminished protection has been decreed even for such highly creative works as the audiovisual works constituting computer graphical user interfaces. To add to what the *Apple* trial judge described as that "highly uncertain environment" the risk of a double expense for attorneys' fees if the case is lost cannot but deter the bringing of meritorious claims and, eventually, adversely affect investment in innovative creative works and the companies that produce them.

The creation of computer software is a highly individualized endeavor. The software industry is composed in the main of thousands of individuals and start-up companies employing only a few individuals and possessing extremely limited resources. The protection of their creative works obviously is essential to their existence. There can be little doubt that the added risk of being saddled with the payment of a defendant's attorneys' fees in addition to its own attorneys' fees would deter the bringing of many meritorious suits by such entrepreneurs and would result in a retrenchment in the number of software start-up enterprises.

None of the arguments presented on behalf of petitioner Fogerty refutes the logic of that reasoning.

Categorizing the cases applying the Ninth Circuit rule as employing a "dual" or "double" standard does not impair that logic. This case does not require consideration of the appropriate circumstances for the denial of an attorneys' fee award against a losing defendant, but, if it did, the different considerations disfavoring a copyright violator obviously provide warrant for a freer award of attorneys' fees to a winning plaintiff.

In any event, contrary to the argument urged on behalf of Fogerty, there does not appear to be any meaningful basis in American copyright history or precedent for the radical adoption of the British rule, awarding counsel fees as a matter of course to the prevailing party.

The cases that have not adopted the Ninth Circuit rule have nevertheless taken into account, in the case of a prevailing defendant, whether the action was a reasonable assertion of a colorable claim (together with other circumstances bearing on the relative positions of the parties). Moreover, those cases (and cases applying the Ninth Circuit approach as well) have not automatically awarded fees to a prevailing plaintiff and instead have denied awards against losing defendants who were innocent infringers or otherwise not blameworthy.

Nor does the Hewlett-Packard claim that a prevailing defendant "deserve[s]" an award because its opposition "serves the public interest" bear scrutiny. First, the rewards of winning an infringement case to a defendant who has emulated a commercially successful innovative work created by others are likely to be so great that defendants need no additional incentive in those cases to litigate to the nth degree. Second, the record shows that defendants so motivated have the means to utilize the litigation process to their economic advantage whether they eventually win or lose. Third, there are a great variety of ways in which a defendant may prevail that render not the slightest service to the public interest. Indeed, it is not unheard of that a defendant may prevail in the district court by rulings that require reversal on appeal. As appears below, all of the foregoing is illustrated in the *Apple* case.

Additionally, the Ninth Circuit rule preserves the incentive of an attorneys' fees penalty against a plaintiff who has brought an unfounded suit or proceeded in bad faith. The early

settlement of well founded suits should not be viewed as necessarily opposed to the "public interest."

Argument

I. THE NINTH CIRCUIT RULE IS WELL ESTABLISHED WITH A LONG HISTORY AND SHOULD BE PRESUMED TO HAVE RECEIVED CONGRESSIONAL APPROVAL BY ENACTMENT OF THE COPYRIGHT ACT OF 1976; IT ALSO SHOULD BE APPROVED AS CONSISTENT WITH THE RULE ADOPTED BY THIS COURT AND OTHER FEDERAL COURTS IN INTERPRETING ESSENTIALLY IDENTICAL STATUTORY PROVISIONS IN OTHER FEDERAL LAWS.

The Ninth Circuit rule has long been the settled rule governing the award of attorneys' fees under 17 U.S.C. § 505 against a losing plaintiff in the Second and Seventh Circuits as well as in the Ninth Circuit[2] and, in fact, is the rule adopted in the majority of courts that have ruled on the question.[3] It also is the rule adopted by this Court and other federal courts in interpreting essentially identical statutory provisions relating to

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[2] *E.g.*, *Folio Impressions, Inc. v. Byer California*, 937 F.2d 759, 767 (2d Cir. 1991); *Video Views, Inc. v. Studio 21, Ltd.*, 925 F.2d 1010, 1022 (7th Cir.), *cert. denied*, 112 S. Ct. 181 (1991); *Roth v. Pritikin*, 787 F.2d 54, 57 (2d Cir. 1986).

[3] *See, e.g.*, *Reader's Digest Ass'n v. Conservative Digest, Inc.*, 821 F.2d 800, 809 (D.C. Cir. 1987); *Flag Fables, Inc. v. Jean Ann's Country Flags & Crafts, Inc.*, 753 F. Supp. 1007, 1017 (D. Mass. 1990); *cf. Hartman v. Hallmark Cards, Inc.*, 833 F.2d 117, 122-23 (8th Cir. 1987); *Donald Frederick Evans & Assocs. v. Continental Homes, Inc.*, 785 F.2d 897, 916-17 (11th Cir. 1986).

the enforcement of other federal laws.[4] It thus is entitled to

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[4] *Christiansburg Garment Co. v. EEOC*, 434 U.S. 412, 422 (1978) ("a plaintiff should not be assessed his opponent's attorney's fees unless a court finds that his claim was frivolous, unreasonable, or groundless, or that the plaintiff continued to litigate after it clearly became so") (applying § 706(k) of Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000(e)-5(k) ("the court, in its discretion, may allow the prevailing party . . . a reasonable attorney's fee as part of the costs")); *Hughes v. Rowe*, 449 U.S. 5, 14 (1980) ("[t]he plaintiff's action must be meritless in the sense that it is groundless or without foundation. The fact that a plaintiff may ultimately lose his case is not in itself a sufficient justification for the assessment of fees") (applying the Civil Rights Act of 1964, 42 U.S.C. § 1988 ("the court, in its discretion, may allow the prevailing party . . . a reasonable attorney's fee as part of the costs")); *Pennsylvania v. Delaware Valley Citizens' Council for Clean Air*, 483 U.S. 711, 713 n.1 (1987) ("in awarding attorney's fees . . . the courts should follow the principles and case law governing the award of such fees under 42 U.S.C. § 1988") (applying the Clean Air Act Amendments of 1970, 42 U.S.C. § 7604(d) ("The Court, in issuing any final order in any action brought pursuant to subsection (a) of this section, may award costs of litigation (including reasonable attorney and expert witness fees) to any party, whenever the court determines such award is appropriate")); *Ruckelshaus v. Sierra Club*, 463 U.S. 680, 682 n.1 (1983) ("the interpretation of 'appropriate' in [the Clean Air Act Amendments of 1970 fee provision] controls the construction of" seventeen federal environmental laws) (applying the Clean Air Act Amendments of 1970, 42 U.S.C. § 7607(f) ("the court . . . may award costs of litigation (including reasonable attorney and expert witnesses fees) whenever it determines that such an award is appropriate") and a series of similarly worded environmental laws (Toxic Substances Control Act, 15 U.S.C. § 2618; Endangered Species Act of 1973, 16 U.S.C. § 1540; Surface Mining Control and Reclamation Act of 1977, 30 U.S.C. § 1270; Deep Seabed Hard Mineral Resources Act, 30 U.S.C. § 1427; Clean Water Act, 33 U.S.C. § 1365; Marine Protection, Research, and Sanctuaries Act of 1972, 33 U.S.C. § 1415; Deepwater Port Act, 33 U.S.C. § 1515; Safe Drinking Water Act, 42 U.S.C. § 300j-8; Noise Control Act, 42 U.S.C. § 4911; Energy Policy and Conservation Act, 42 U.S.C. § 6305; Powerplant and Industrial Fuel Use Act, 42 U.S.C. § 8435; Ocean Thermal Energy Conversion Act of 1980, 42 U.S.C. § 9124; Outer Continental Shelf Lands Act Amendment of 1978, 43 U.S.C. § 1349)); *Homeward Bound, Inc. v. Hissom Memorial Ctr.*, 63 F.2d 1352, 1354 n.1 (10th Cir. 1992) ("[t]he language of [§ 794a(b)] i identical to the Civil Rights Attorney's Fees Awards Act of 1976, 42 U.S.C. § 1988. Accordingly, the standards for awarding fees under § 1988 are applicable to

respect not only as the majority view but also under the principle that use of similar language to that used in other fee-shifting statutes should be taken as "'a strong indication'" that the statutes "'are to be interpreted alike.'"[5]

Moreover, it deserves special note that the statutory provision providing for fee-shifting was among the provisions of the Copyright Act of 1909 that were the focus of specific attention in the studies leading to enactment of the present Copyright Act of 1976[6] and, indeed, was one of the provisions that was revised (making costs discretionary instead of

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fee awards under § 794a(b)") (applying the Rehabilitation Act of 1973, 29 U.S.C. § 794a(b) ("In any action or proceeding . . . the court, in its discretion, may allow the prevailing party . . . a reasonable attorney's fee as part of the costs")); *Sassower v. Field*, 973 F.2d 75, 79 (2d Cir. 1992) (section 3613(c)(2) "permits an award of fees to prevailing defendants only upon a showing that the suit is 'frivolous, unreasonable, or without foundation'") (applying the Fair Housing Act, 42 U.S.C. § 3613(c)(2) ("the court . . . , in its discretion, may allow the prevailing party, other than the United States, a reasonable attorney's fee and costs")), *cert. denied*, 113 S. Ct. 1879 (1993); *Nemeroff v. Abelson*, 620 F.2d 339, 350 (2d Cir. 1980) ("the minimum standard for an award of fees . . . is that set forth in *Christiansburg Garment*") (applying the Securities Exchange Act of 1934, 15 U.S.C. § 78i(e) ("the court may, in its discretion, . . . assess reasonable costs, including reasonable attorney's fees, against either party litigant")).

[5] *Independent Fed'n of Flight Attendants v. Zipes*, 491 U.S. 754, 758 n.2 (1989); *accord, e.g., Hensley v. Eckerhart*, 461 U.S. 424, 433 n.7 (1983); *Northcross v. Board of Educ.*, 412 U.S. 427, 428 (1973).

[6] *See* Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, 87th Cong., 1st Sess. 109 (H. Judiciary Comm. Print 1961) ("the Register's Report"); Ralph S. Brown, Jr. et al., *The Operation of the Damage Provisions of the Copyright Law: An Exploratory Study*, Study No. 23, Subcomm. on Patents, Trademarks, and Copyrights of the Senate Comm. on the Judiciary, 86th Cong., 2d Sess. 59 (Comm. Print 1960) ("the Brown Report"); William S. Strauss, *The Damage Provisions of the Copyright Law*, Study No. 22, 86th Cong., 2d Sess. 1 (Comm. Print 1960).

mandatory, conforming to the discretionary award of attorneys' fees).[7] At that time, it was well established that a winning defendant usually was not awarded fees unless the action was "synthetic, capricious or otherwise unreasonable,"[8] and that was the rule cited in congressional reports.[9] In the circumstances, it is reasonable to presume, as a matter of statutory construction and under the principle of *stare decisis*, that Congress approved of the Ninth Circuit rule as it was explained to Congress.[10]

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[7] See *Whelan Assocs. v. Jaslow Dental Lab., Inc.*, 609 F. Supp. 1325, 1329 (E.D. Pa. 1985), *aff'd*, 797 F.2d 1222 (3d Cir. 1986), *cert. denied*, 479 U.S. 1031 (1987), explaining that the Copyright Act of 1976 changed the award of "full costs" to be discretionary rather than mandatory, as it had been in the 1909 Act, 17 U.S.C. § 116.

[8] See, e.g., *Cloth v. Hyman*, 146 F. Supp. 185, 193 (S.D.N.Y. 1956), reciting the prior "extensive judicial exposition" of the statute.

[9] The Brown Report specifically noted [at 85] that "courts do not usually make an allowance [for fees] at all if an unsuccessful plaintiff's claim was not 'synthetic, capricious or otherwise unreasonable,' or if the losing defendant raised real issues of fact or law" (quoting *Cloth v. Hyman*, 146 F. Supp. 185, 193 (S.D.N.Y. 1956)). The Register's Report [at 109] explained:

> The discretionary power of the courts to require the losing party to pay 'a reasonable attorney's fee' is intended to discourage unfounded suits and frivolous defenses. The courts have generally denied awards of attorney's fees where the losing party had solid grounds for litigating his claim or defense. This discretionary power of the courts is generally regarded as salutary, and we concur in this view.

[10] *See Keene Corp. v. United States*, 113 S. Ct. 2035, 2043 (1993) (applying "the presumption that Congress was aware of these earlier judicial interpretations and, in effect, adopted them"); *Pierce v. Underwood*, 487 U.S. 552, 567 (1988) (when "Congress reenacted a statute that had in fact been given a consistent judicial interpretation . . . [s]uch a reenactment, of course, generally includes the settled judicial interpretation"); *Herman & MacLean v. Huddleston*, 459 U.S. 375, 384-86 (1983) (where Congress "enact[s] the 'most substantial and significant revision of this country's Federal securities laws,'" its decision to leave some provisions intact was clear evidence of an intent to adopt the construction given those provisions by the courts); *United States v. Ryan*, 284 U.S. 167, 174-75 (1931) (tax law reenacted without substantial change "must be considered to have adopted the consistent interpretation" given the prior law); *cf. Lindahl v. Office of Personnel Mgmt.*, 470 U.S. 768, 782 (1985) ("the legislative history . . . demonstrates that Congress was indeed well aware" of the prior judicial interpretation).

II. THE NEED OF THE NINTH CIRCUIT RULE IS ESPECIALLY ACUTE IN SUITS TO ENFORCE COPYRIGHTS PROTECTING COMPUTER SOFTWARE.

The rationale of the Ninth Circuit rule, as explained by the court of appeals below, is "to avoid chilling a copyright holder's incentive to sue on colorable claims, and thereby to give full effect to the broad protection for copyrights intended by the Copyright Act." *Fantasy, Inc. v. Fogerty*, 984 F.2d 1524, 1532 (9th Cir.), *cert. granted*, 113 S. Ct. 2992 (1993).[11] The soundness of the rule is especially evident in suits to enforce copyrights protecting computer software.

The copying of a computer program is relatively easy to disguise. Thus, it is often difficult to ascertain, and even more difficult to prove, the extent to which a program has been

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[11] *See also Roth v. Pritikin*, 787 F.2d 54, 57 (2d Cir. 1986); *Diamond v. Am-Law Publishing Corp.*, 745 F.2d 142, 148 (2d Cir. 1984); *Folio Impressions, Inc. v. Byer California*, 937 F.2d 759, 767 (2d Cir. 1991); *Rural Tel. Serv. Co. v. Feist Publications Inc.*, 24 U.S.P.Q.2d (BNA) 1312, 1313 (D. Kan. 1992); *Flag Fables, Inc. v. Jean Ann's Country Flags & Crafts, Inc.*, 753 F. Supp. 1007, 1017 (D. Mass. 1990); *cf. Christiansburg Garment Co. v. EEOC*, 434 U.S. 412, 422 (1978) (interpreting § 706(k) of Title VII of the Civil Rights Act of 1964 and explaining that "[t]o take the further step of assessing attorney's fees against plaintiffs simply because they do not finally prevail would substantially add to the risks inhering in most litigation and would undercut the efforts of Congress to promote the vigorous enforcement of the provisions of Title VII").

copied.[12] It is primarily for that reason that the parties in interest have debated whether copyright protection should be limited to the literal copying of computer code or instead extend to protection of the structure, sequencing and organization of a program, such as was accorded to the plaintiff's program in *Whelan Assocs. v. Jaslow Dental Lab., Inc.*, 797 F.2d 1222 (3d Cir. 1986), *cert. denied*, 479 U.S. 1031 (1987).[13]

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[12] *See* 1 Richard L. Bernacchi et al., *Bernacchi on Computer Law* § 3.11.4, at 3-78 to -79 (1992) ("A competent programmer can, with a minimum amount of time and effort, make a copy of a program look, at least on the surface, completely unlike the original simply by changing such things as labels and variable names, without making any substantive changes at all to the logic, design, or structure of the original program. This is clearly the kind of taking advantage of another's work that the copyright laws are designed to protect against, and yet the required showing to prove infringement may be very difficult to make"); *see also* Anthony L. Clapes et al., *Silicon Epics and Binary Bards: Determining the Proper Scope of Copyright Protection for Computer Programs*, 34 UCLA L. Rev. 1493, 1577-78 (1987); Michael D. Scott, *Computer Law* § 3.78, at 3-76 to -77 (1989).

[13] *Whelan* was cited with approval in *Bull HN Info. Sys., Inc. v. American Express Bank Ltd.*, [1989-1990] Copyright L. Dec. (CCH) ¶ 26,555, at 23,279 (S.D.N.Y. 1990); *Pearl Sys., Inc. v. Competition Elecs., Inc.*, 8 U.S.P.Q.2d (BNA) 1520, 1524-25 (S.D. Fla. 1988); *Digital Communications Assocs. v. Softklone Distrib. Corp.*, 659 F. Supp. 449, 454-55 (N.D. Ga. 1987); and *Broderbund Software, Inc. v. Unison World, Inc.*, 648 F. Supp. 1127, 1133 (N.D. Cal. 1986). *See also Johnson Controls, Inc. v. Phoenix Control Sys.*, 886 F.2d 1173, 1175 (9th Cir. 1989) (approving proof of an infringement by reference to the nonliteral components of a program, including its "structure, sequence and organization"); *Manufacturers Technologies, Inc. v. Cams, Inc.*, 706 F. Supp. 984, 994, 996 (D. Conn. 1989) (sequencing and flow of plaintiff's screen displays constituted copyrightable expression); *SAS Inst., Inc. v. S&H Computer Sys.*, 605 F. Supp. 816, 830 (M.D. Tenn. 1985) (copying of the organization and structure as well as specific lines of code).

In general, see Anthony L. Clapes, *Software, Copyright, and Competition*, ch. 10, at 94-109 (1989).

Acting in accordance with the directive by Congress in the Software Copyright Act of 1980 to treat computer programs as "literary works,"[14] a number of courts have conscientiously applied traditional copyright principles in computer program cases.[15] However, the emergence of software as a major component of the computer industry has impressed everyone--not least the opportunists that saw that the quickest, easiest road to enormous wealth was to emulate as closely as the law would allow the most commercially successful innovative works developed by others[16]--and the debate that preceded the 1980 enactment[17] has been renewed with vigor.[18] Those who favor

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[14] Pub. L. No. 96-517, § 10(a), 94 Stat. 3028 (1980) (codified as amended at 17 U.S.C. § 101) (including a computer program within the copyright category of literary works). *See* H.R. Rep. No. 1476, 94th Cong., 2d Sess. 51, 54, *reprinted in* 1976 U.S.C.C.A.N. 5659.

The Act defines a "computer program" as "a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result." 17 U.S.C. § 101. Literary works are defined as "works, other than audiovisual works, expressed in words, numbers, or other verbal or numerical symbols or indicia, regardless of the nature of the material objects, such as books, periodicals, manuscripts, phonorecords, film, tapes, disks, or cards, in which they are embodied." *Id.*

[15] *See* Morton D. Goldberg & John F. Burleigh, *Copyright Protection for Computer Programs: Is the Sky Falling?*, 17 AIPLA Q.J. 294, 296 (1989).

[16] In 1984, the Chairman of Microsoft Corporation, incorporated in 1981, predicted that "the industry's new standard for operating systems would be Microsoft's Windows . . . aimed at giving PC screens the friendly look of the Apple Macintosh." Alan Deutschman, *Bill Gates' Next Challenge*, Fortune, Dec. 28, 1992, at 30, 31. The cited article reports Microsoft's market value at the time--nine years after the introduction of Windows 1.0 (in 1985) and five years after introduction of Windows 2.03 (in 1987)--at $25 billion. *Id.*

[17] The congressional action followed the recommendations of the congressionally established National Commission on New Technological Uses of Copyrighted Works (CONTU) in a Final Report transmitted to the President

revision of the law have gained some judges as adherents who have questioned the wisdom of protecting computer programs as "literary works" and decreed major revisions of the traditional judicial approaches to adjudicating copyright infringement issues.[19] The effect of the legal chaos may be seen in microcosm in the different opinions over time by the trial judge in the *Apple* case.[20] Thus, there has been added to the inherent

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on July 31, 1978, after three years of deliberations. A dissent by Commissioner John Hersey contended that copyright protection for a computer program was inappropriate (and perhaps unconstitutional) because, in its usable form, a computer program was "a machine-control element, a mechanical device," analogous to a cam controlling a drill. CONTU Report at 27-29. The majority of the Commission answered that "[p]rograms should no more be considered machine parts than videotapes should be considered parts of projectors or phonorecords parts of sound reproduction equipment" and "[t]hat the words of a program are used ultimately in the implementation of a process should in no way affect their copyrightability." *Id.* at 21.

[18] See, in general, Anthony L. Clapes, *Softwars--The Legal Battles for Control of the Global Software Industry* (1993), describing the conflicts between the interests of "innovators" and "copiers."

[19] *See, e.g., Computer Assocs. Int'l v. Altai, Inc.*, 982 F.2d 693, 712 (2d Cir. 1992); *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1527 (9th Cir. 1992) (affording the video game programs involved in that case "a lower degree of protection than more traditional literary works").

[20] Apple's complaint alleges that the graphical user interfaces of Microsoft's Windows 2.03 and 3.0 and Hewlett-Packard's NewWave products are unauthorized derivative works of Apple's copyrighted audiovisual works, exceeding the scope of a 1985 license to Microsoft relating to Windows Version 1.0 (of which Hewlett-Packard also claimed the benefit). It was recognized that Apple's unique user interface was one of Apple's most valuable assets and was principally responsible for the phenomenal success of the Macintosh computer, which became famous throughout the world for its "distinctive user friendly" interface. 709 F. Supp. at 926; 759 F. Supp. at 1447. In the 1985 license, Microsoft acknowledged that "the visual displays in [Microsoft Windows 1.0] 'are derivative works of the visual displays generated by Apple's Lisa [an earlier Apple computer] and Macintosh graphic user interface programs.'" See 709 F. Supp. at 927.

difficulty of protecting software against willful misappropriation the risk of what the *Apple* trial judge described as a "highly uncertain [legal] environment."

This Court has noted that "the course of litigation is rarely predictable," that "seldom can a prospective plaintiff be sure of ultimate success," and that "[t]o take the further step of assessing attorney's fees against plaintiffs simply because they do not finally prevail would substantially add to the risks inhering in most litigation and would undercut the efforts of Congress to promote the vigorous enforcement of the provisions of Title VII." *Christiansburg Garment*, 434 U.S. at 422. The current turmoil concerning the protection of computer programs (and even computer audiovisual works) provides an instructive example of that perceptive insight.

There can be little doubt that defendants' later products were "strikingly similar" to the Macintosh interface. Hewlett-Packard advertisements quoted from various industry views emphasizing "*the strong resemblance [of Hewlett-Packard's NewWave] to the Macintosh desktop interface.*" (Emphasis supplied) Among many similar observations by others, an early (1987) Microsoft review of the Hewlett-Packard NewWave graphical user interface (sent to Microsoft's "upper management executives") found that "*the look and feel of the [NewWave] user interface is strikingly similar [to the Macintosh Finder].*" (Emphasis supplied)

The trial judge originally recognized that defendants' arguments attacking Apple's copyrights "would, in effect, preclude copyright protection for all pictorial works, which, if dissected, would be composed of a limited number of geometric shapes." Order of July 25, 1991 at 4. He also originally held that, "[b]ecause there ought to be copyright protection for an innovative melding of elements from preexisting works, elements which have been deemed 'unprotectible' should not be eliminated prior to the substantial similarity of expression analysis." 779 F. Supp. at 135-36. Nevertheless, after "filtering out" the individual discrete graphic design "elements" of the Macintosh interface in the manner taught in *Computer Associates* [799 F. Supp. 1006] and making other restrictive rulings, he ruled that the only protection available to Apple's work was limited to at most protection against "virtually identical" copying.

The importance of that insight in the computer software industry cannot be overestimated. Of the estimated 50,000 companies in the computer industry in 1991,[21] it seems safe to assume that most of those that still exist, and most of the companies organized since 1991, are engaged in the production of software[22] and that all but a few of today's software companies are relatively young start-up companies employing only a few individuals and otherwise enjoying extremely limited resources. One recently reported survey shows that the typical software firm employs six people and generates approximately $560,000 in annual revenues.[23] All software companies are heavily dependent on the protection available for their copyrighted works. As explained by Microsoft's Chairman in an essay written after the rendering of the decision in *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240 (3d Cir. 1983) (holding that Apple's operating system programs expressed only in object code and embedded in a read only memory (ROM) semiconductor device were protectable under the Copyright Act and that copying was not excused by defendant's desire to achieve compatibility with application programs written for Apple's computer), *cert. dismissed*, 464 U.S. 1033 (1984):

> [The ruling] may have saved the future of the United States computer software industry. . . .

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[21] V. Siber, Remarks to the Annenberg Foundation, May 21, 1991, at 3.

[22] The 1987 Census of Service Industries showed 39,701 establishments engaged in "[c]omputer programming, data processing, and other computer related services" of which 21,594 were engaged in "[c]omputer programming, prepackaged software, and integrated systems design." U.S. Department of Commerce, 1987 Census of Service Industries, Table 3a, at US-19 (Nov. 1989).

[23] William H. Gates, Letter to the Editor, InfoWorld, Aug. 16, 1993, at 44.

. . . .

The software industry is one of the nation's fastest-growing and most important leadership industries. The primary reason that the United States continues to dominate the computer business is because it has consistently been at the forefront of software innovation. In many ways, the future of the computer industry will be governed by software development.

. . . And without the copyright protection, innovation and growth in the software industry would stop. . . .

. . . It is only fair for companies that invest millions of dollars in product research and development to receive some return when they have a best-selling product.

> Imagine the disincentive to software development if after months of work another company could come along and copy your work and market it under its own name. . . . Without legal restraints on such copying, companies like Apple could not afford to advance the state-of-the-art.[24]

Smaller companies are especially reliant on court enforcement of their copyrights.[25] The imposition of any substantial added

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[24] William H. Gates, *Insurance for the Industry's Future*, N.Y. Times, Sept. 25, 1983, § 3, at 2.

[25] It appears from *The Recorder* (the official newspaper for the United States District Court for the Northern District of California) that there were 69 copyright cases filed in the San Francisco office of the Northern District of California from January 1992 to August 1993. Putting aside the 10 cases in which Broadcast Music, Inc. was suing a restaurant or bar for jukebox

risk--and certainly the added risk of being required to pay a defendant's attorneys' fees in addition to its own attorneys' fees--that would make such suits more difficult, problematical or costly no doubt would adversely threaten the viability of those smaller companies and eventually contract their number and the investment capital and talent available for participation in the inherently risky business of creating innovative software.[26] Such a result would undercut in the most direct way the advancement of "'the large objectives'" of the Copyright Act [*Zipes*, 491 U.S. at 758-59] and should not be contemplated absent a clear and compelling overriding congressional order.[27]

III. PETITIONER'S ARGUMENTS DO NOT REFUTE OR IMPAIR THE REASONING SUPPORTING THE NINTH CIRCUIT RULE.

Much of the argument presented on behalf of petitioner consists of a pejorative suggestion that a "dual" or "double"

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performance of music protected by copyrights held by members of BMI, all but 16 (roughly 75 percent) appeared to be cases in which the plaintiffs were either individuals (17 cases) or small corporations with 20 or fewer employees and less than $2 million in annual sales revenues (26 cases). Of the 8 cases that could be identified as involving copyrights of computer programs, 6 of the plaintiffs were either individuals or small corporations with fewer than 20 employees and less than $500,000 in annual sales revenue.

[26] As noted by a Vice-President of a leading software developer, "Most software companies are small; if they don't worry about being profitable, they won't be here next year." Patricia Keefe, *Survey of Software Firms Taps Industry's Hot Buttons*, ComputerWorld, Nov. 12, 1990, at 117 (quoting Frank Ingari, a Vice-President of Lotus Development Corp.).

[27] It also is of interest that many believe that "[g]enerally smaller companies are the most innovative." *PC Software Market Booming*, Standard & Poor's Industry Surv.: Computers Basic Analysis, Dec. 31, 1992, at C-107; *cf.* F.M. Scherer, *Innovation and Growth: Schumpeterian Perspectives* 237 (1984).

rather than an "evenhanded" standard for treating with prevailing defendants as compared with prevailing plaintiffs is per force unjustified. However, analysis of the underlying considerations and "'the large objectives'" of the congressional enactment demonstrates that whatever different treatment may be found in different cases emanates from the different situations of a willful copyright violator and a plaintiff who loses a suit that was objectively reasonable when brought and prosecuted in good faith. As this Court explained in *Zipes*, 491 U.S. at 762 (an innocent intervenor not liable for the attorneys' fees of an original party), "[o]ur cases have emphasized the crucial connection between liability for violation of federal law and liability for attorney's fees under federal fee-shifting statutes"--sharply differentiating the situation of a prevailing plaintiff and a prevailing defendant, citing, *inter alia*, *Christiansburg Garment*, 434 U.S. at 418, *Newman v. Piggie Park Enters.*, 390 U.S. 400, 402 (1968), and other cases applying the *Newman* standard. *See also Video Views, Inc. v. Studio 21, Ltd.*, 925 F.2d 1010, 1022 (7th Cir.), *cert. denied*, 112 S. Ct. 181 (1991); *cf.* Thomas D. Rowe, Jr., *The Legal Theory of Attorney Fee Shifting: A Critical Overview*, 1982 Duke L.J. 651 (examining different rationale for different results in different situations, suggesting that a plaintiff may be awarded fees to make him whole while a defendant may be awarded fees only to protect him from burdensome litigation having no legal or factual basis).[28] Particularly differentiating the cases of a successful

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[28] As Professor Rowe observes:

> [A] superior claim or defense on the merits does not automatically translate into superior equity on fees.

Id. at 655.

> [T]he persuasive reason for making a successful plaintiff whole is that he suffered a legal wrong appropriately remediable by compensation. Our system does not regard bringing (or, for that

copyright suit plaintiff and a successful copyright suit defendant, it may be noted that Congress has provided a variety of remedies to a successful plaintiff with a view to making the plaintiff whole and preventing further infringement;[29] Congress might have, but did not, provide any direction to suggest that a prevailing defendant was to be compensated or protected similarly.[30]

In any event, there is not any reason nor precedential warrant for adoption of an automatic award rule such as advocated on behalf of petitioner.

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matter, defending) a losing case--without more--as the infliction of a legal wrong.

Id. at 659. *See also Breffort v. I Had a Ball Co.*, 271 F. Supp. 623, 627 (S.D.N.Y. 1967) ("The purpose of an award of counsel fees to a plaintiff is to deter copyright infringement. In the case of a prevailing defendant, however, prevention of infringement is obviously not a factor; and if an award is to be made at all, it reprsents a penalty imposed upon the plaintiff for institution of a baseless, frivolous, or unreasonable suit, or one instituted in bad faith") (citation omitted).

[29] 17 U.S.C. §§ 502 ("Injunctions"); 503 ("Impounding and disposition of infringing articles"); 504 ("Damages and profits").

[30] *Cf. Christiansburg Garment*, 434 U.S. at 418-19:

> [A] moment's reflection reveals that there are at least two strong equitable considerations counseling an attorney's fee award to a prevailing Title VII plaintiff that are wholly absent in the case of a prevailing Title VII defendant.
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> First, as emphasized so forcefully in *Piggie Park*, the plaintiff is the chosen instrument of Congress to vindicate "a policy that Congress considered of the highest priority." 390 U.S., at 402. Second, when a district court awards counsel fees to a prevailing plaintiff, it is awarding them against a violator of federal law. As the Court of Appeals clearly perceived, "these policy considerations which support the award of fees to a prevailing plaintiff are not present in the case of a prevailing defendant." 550 F.2d at 951. A successful defendant seeking counsel fees under § 706(k) must rely on quite different equitable considerations.

Even those courts that have not explicitly adopted the Ninth Circuit rule nevertheless have considered, in the case of a prevailing defendant, the blameworthiness of the losing plaintiff and, among other factors bearing on the relative positions of the parties, they have taken into account whether the action was a reasonable assertion of a colorable claim.[31]

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[31] *See Rosciszewski v. Arete Assocs.*, Nos. 92-2122, 92-2390, 1993 WL 283213, at *8 (4th Cir. July 29, 1993) (district court should consider the "motivation of the parties," including "bad faith," the "objective reasonableness of the legal and factual positions advanced," including "whether the positions advanced by the parties were frivolous," and the "'need . . . to advance considerations of compensation and deterrence'"; vacating award of fees to prevailing defendants and remanding for findings under announced standard); *Hartman v. Hallmark Cards, Inc.*, 833 F.2d 117, 123 (8th Cir. 1987) ("[u]nder any of the standards that have been applied to the section 505 fee determination, the finding that [plaintiff's] claim was not baseless supports the district court's determination not to award fees"); *Sherry Mfg. Co. v. Towel King*, 822 F.2d 1031, 1034 (11th Cir. 1987) ("the fact that a losing party has acted in good faith or that his legal position had arguable merit will justify an exercise of the district court's discretion in deciding not to award attorney's fees"; vacating award of fees to prevailing defendant and remanding for articulation of basis for award); *Reader's Digest Ass'n v. Conservative Digest, Inc.*, 821 F.2d 800, 809 (D.C. Cir. 1987) (affirming denial of attorneys' fees to prevailing defendant because "although ultimately unsuccessful, [plaintiff's claim] was not frivolous"); *Donald Frederick Evans & Assocs. v. Continental Homes, Inc.*, 785 F.2d 897, 916-17 (11th Cir. 1986) (affirming denial of fees to prevailing defendant "where the plaintiff asserted colorable copyright claims of the type which 'section 505 is intended in part to encourage'"); *Rural Tel. Serv. Co. v. Feist Publications Inc.*, 24 U.S.P.Q.2d (BNA) 1312, 1313-14 (D. Kan. 1992) ("a defendant in a copyright action will be awarded attorney's fees only where the plaintiff's suit was frivolous, baseless, or prosecuted in bad faith"; denying fees to prevailing defendant because, "while [plaintiff's] copyright claim was ultimately unsuccessful, it was not frivolous or lacking in arguable merit"); *Flag Fables, Inc. v. Jean Ann's Country Flags & Crafts, Inc.*, 753 F. Supp. 1007, 1017 (D. Mass. 1990) (a prevailing defendant should recover attorneys' fees "only where plaintiff's suit was frivolous, baseless, or prosecuted in bad faith"); *Dean v. Burrows*, 732 F. Supp. 816, 826-27 (E.D. Tenn. 1989) ("awards to prevailing defendants are disfavored absent a frivolous or bad-faith prosecution"; denying fees to prevailing defendants because "the plaintiff [did not] pursue[] her prosecution of the [defendants] in bad faith; the

Also, those courts--and courts applying the Ninth Circuit rule as well--have not automatically awarded fees even to a prevailing plaintiff where the losing defendants were innocent infringers or otherwise were not blameworthy. Illustratively, a Ninth Circuit court stated:

> [W]e do not believe Congress intended that the prevailing plaintiff should be awarded attorney's fees in every case. *Lieb v. Topstone Indus., Inc.*, 788 F.2d 151, 155-56 (3d Cir. 1986). Considerations which justify the denial of fees may include (1) the presence of a complex or novel issue of law that the defendant litigates vigorously and in good faith, (2) the defendant's status as innocent, rather than willful or knowing, infringer, (3) the plaintiff's prosecution of the case in bad faith, and (4) the defendant's good faith attempt to avoid infringement. We do not intend by this recitation to limit the factors to those mentioned above.

McCulloch v. Albert E. Price, Inc., 823 F.2d 316, 323 (9th Cir. 1987) (citations omitted).[32]

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action presented a genuine issue for the Court to resolve and was not, therefore, frivolous"); *Motta v. Samuel Weiser, Inc.*, 633 F. Supp. 32, 34 (D. Me. 1980) (denying award of attorneys' fees to prevailing defendant because plaintiff had "succeeded in asserting a colorable, nonfrivolous claim and did not act in bad faith in pursuing the action").

[32] *See also Lieb*; *Roulo v. Russ Berrie & Co.*, 886 F.2d 931, 943 (7th Cir. 1989) (award of fees to prevailing plaintiff is "inappropriate where the infringement was not wilful"; affirming denial of fees to prevailing plaintiff), *cert. denied*, 493 U.S. 1075 (1990); *Warner Bros. v. Dae Rim Trading, Inc.*, 877 F.2d 1120, 1127 (2d Cir. 1989) (plaintiffs were not entitled to fees where "the defendants litigated in good faith against unreasonable demands for damages and attorneys' fees"); *Applied Innovations, Inc. v. Regents of the University of Minnesota*, 876 F.2d 626, 638 (8th Cir. 1989) ("attorney's fees should not be awarded to a prevailing plaintiff as a matter of course"; affirming denial of fees where "the litigation involved numerous complex or novel

Thus, both historical and current precedent serve to repudiate the argument on behalf of Fogerty for adoption of a British-type rule, awarding counsel fees as a matter of course to the

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questions which defendant had litigated vigorously and in good faith"); *Jobete Music Co. v. Massey*, 788 F. Supp. 262, 268 (M.D.N.C. 1992) ("The court adopts the view that absent a showing of bad faith on the part of the defendant, attorney's fees will not be awarded. The conduct of defendant was determined not to be willful; hence, in the court's discretion, it denies the plaintiffs' request for attorney's fees"); *Educational Testing Serv. v. Miller*, [1991-1992] Copyright L. Dec. (CCH) ¶ 26,841, at 24,925 (D.D.C. 1991) (because "[t]he materials received by defendants had no copyright notice, and novel legal issues were presented," plaintiff was not "entitled to be awarded the special costs and attorney's fees which may be awarded under the Copyright Act"); *Dae Han Video Prod. v. Dong San, Chun*, 17 U.S.P.Q.2d (BNA) 1306, 1314 (E.D. Va. 1990) (four factors guide award of attorneys' fees: "(1) the presence of a complex or novel issue of law that the defendants litigate vigorously and in good faith; (2) the defendants' status as innocent infringers; (3) the plaintiffs' prosecution of the action in bad faith; and (4) the defendants' good faith attempt to avoid infringement"; court denied attorneys' fees to prevailing plaintiff because the legal issue was "complex and litigated by the defendants in good faith" and the defendants made "a good faith attempt to avoid infringing on [plaintiff's] copyrights"); *Dolori Fabrics, Inc. v. The Limited, Inc.*, 662 F. Supp. 1347, 1357 (S.D.N.Y. 1987) (refusing to award attorneys' fees against an unintentional infringer, quoting the comment of Professor Nimmer that "'an attorney's fee generally will be awarded only where there is some element of moral blame against the losing party'"); *Whelan Assocs. v. Jaslow Dental Lab., Inc.*, 609 F. Supp. 1325, 1329-30 (E.D. Pa. 1985) (denying attorneys' fees to prevailing plaintiff where defendants, "relying in no small measure upon competent legal advice, sincerely believed that they were legally entitled to take the actions which they took"), *aff'd*, 797 F.2d 1222 (3d Cir. 1986), *cert. denied*, 479 U.S. 1031 (1987); *Kepner-Tregoe, Inc. v. Carabio*, 203 U.S.P.Q. (BNA) 124, 139 (E.D. Mich. 1979) (quoting the comment of Professor Nimmer that "'[a]n attorney's fee . . . will be awarded only where there is some element of moral blame against the losing party'"; court denied attorneys' fees to prevailing plaintiff because plaintiff's position was "highly technical," the legal issue was "complex and novel" and, "while there is perhaps some question as to the blameworthiness of Defendants' conduct, this does not tip the scales").

prevailing party.[33] Such a radical departure from the American common law rule [*see Alyeska Pipeline Serv. Co. v. Wilderness Soc'y*, 421 U.S. 240 (1975)] and the precedent of American cases interpreting fee-shifting statutes would violate every principle of *stare decisis* and statutory construction.

Nor does the Hewlett-Packard claim that a prevailing defendant "deserve[s]" an award because its defeat of the plaintiff's copyright claim may serve "the public interest" bear scrutiny.

As noted [see *supra* note 16], the rewards of winning an infringement case to a defendant who has emulated a commercially successful software product are likely to be enormous, providing all the incentive that is needed to promote the most vigorous defensive litigation.

Moreover, as a practical matter, the tactics available to a determined defendant together with the inherent difficulties of proving both copying and the amount of damages (even where everyone knows that there have been lost sales and lost profits) provide added incentive for a defendant to litigate to the bitter end in the hope of prevailing. As illustrated in the *Apple* case (commenced in March 1988 immediately after examination of Hewlett-Packard's NewWave product, described by Hewlett-Packard upon its introduction as "visually similar to the

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[33] It may be noted that even the British rule is subject to a qualification that a prevailing defendant may be denied fees where there is evidence that the defendant brought about the litigation or did something calculated to occasion unnecessary litigation and expense or did some wrongful act in the course of the transaction of which the plaintiff complains. *See* 1 *The Supreme Court Practice* R. 3(3), at 1043 (Eng. 1992); *see also* Rowe, *supra* p. 19, at 655, 679 (critically examining the rationale supporting a rule of "general indemnity" and showing that "the case for English-style general indemnity has appeared surprisingly weak").

Macintosh [but with more features]"), litigation can be delayed and a jury trial avoided for years during which time the defendant can achieve such success and the plaintiff made to suffer such decline that the defendant must be counted as the economic winner whether it wins or loses in the courtroom.

Additionally, there obviously are a great variety of ways in which a defendant may prevail in a way that benefits no one else or renders no public service of any kind. Hewlett-Packard's prime example of defeating protection for "computer-related works that are functional in nature" [Hewlett-Packard Br. at 3] is, indeed, based on a false premise.

First, an original work is not deprived of copyright protection because it may serve a "functional" purpose. As this Court has stated, there is "nothing in the copyright statute to support the argument that the intended use or use in industry of an article eligible for copyright bars or invalidates its registration. We do not read such a limitation into the copyright law."[34] As summarily stated by a leading scholar, "Protection for computer programs and data bases is not affected by the fact that they may aid or implement utilitarian articles."[35] Illustratively, a work may be copyrightable even though it is a control program;[36] or a toy stuffed animal;[37] or a map or chart (explicitly protected by the earliest United States copyright law

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[34] *Mazer v. Stein*, 347 U.S. 201, 218 (1954) (upholding copyrights in semivitreous china statuettes of dancing figures used as bases for table lamps).

[35] William F. Patry, *Latman's The Copyright Law* 38 n.94 (6th ed. 1986).

[36] *Johnson Controls, Inc. v. Phoenix Control Sys.*, 886 F.2d 1173 (9th Cir. 1989).

[37] *Aliotti v. R. Dakin & Co.*, 831 F.2d 898 (9th Cir. 1987).

[Act of May 31, 1790, 1 Stat. 124]);[38] or even a plate.[39] It is virtually universally recognized that "the mere fact that functional concerns were influential does not establish [the lack of protectible] copyrightable expression."[40] That is the rule in all countries subscribing to the Berne Convention.[41]

Second, the Hewlett-Packard argument is profoundly mistaken in suggesting that computer-related works are not "artistic works." [Hewlett-Packard Br. at 5] The evidence to the contrary is abundant. The testimony of those most knowledgeable about programming is eloquent in describing the artistic nature of the endeavor.[42] The contributions to computer programming of individual imagination and literary programming style are virtually undeniable.[43] The vital contribution of

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[38] *United States v. Hamilton*, 583 F.2d 448 (9th Cir. 1978).

[39] *McCulloch v. Albert E. Price, Inc.*, 823 F.2d 316 (9th Cir. 1987).

[40] *Lotus Dev. Corp. v. Borland Int'l, Inc.*, 788 F. Supp. 78, 97 (D. Mass. 1992).

[41] See the *WIPO Guide to the Berne Convention* 2-1 (1978), explaining that a work produced "may be produced . . . with a merely utilitarian or commercial aim, without this making any difference in the protection it enjoys."

[42] *See, e.g.*, Frederick P. Brooks, Jr., *The Mythical Man-Month* 7 (1982) ("The programmer, like the poet, works only slightly removed from pure thought-stuff. He builds his castles in the air, from air, creating by exertion of the imagination"); Ben Shneiderman, *Software Psychology* 2 (1980) (describing programming as having the "excitement and agony" of composing symphonies or writing novels, explaining that "[p]rogramming is an intensely human experience whose esthetics cannot be imitated or appreciated by mere machines").

[43] *See, e.g., Apple Computer, Inc. v. Mackintosh Computers Ltd.*, 28 D.L.R.4th 178, 184 (Can. Fed. Ct. 1986):

> aesthetic sensory appeal in computer programming (especially in the composition of graphical user interfaces) is manifest. It is not without point that a Microsoft Senior Vice-President wrote to the Windows 3.0 Program Manager recommending the Apple visual interface as "aesthetically pleasing" and commenting that "[t]he Mac's AEQ (Aesthetic Quotient) has always been hirer [sic] than the Windows.'" The designers of the Macintosh interface indeed have testified that they sought to make their work "as artistically appealing and as integrated as possible."

Moreover, Hewlett-Packard's argument that computer-related works "must be judged under the very different standards of the Patent Law" [Hewlett-Packard Br. at 3-4] is equally wrong. Copyrights and patents afford different protection for different creations: Whereas copyright protects the expression contained in some form of communication against copying, patent law protects inventions (including the novel process steps that a computer program directs a computer to perform) against any use thereof, precluding any infringing use of the novel idea itself. As Chief Judge Markey has explained:

> Confusion may be avoided if it be realized that what is at issue [in a patent case] is not the "program," i.e., the

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> There is no doubt that computer programs are highly individualistic in nature and contain a form of expression personal to the individual programmer. No two programmers would ever write a program in exactly the same way (except perhaps in the case of the most simple program). Even the same programmer, after writing a program and leaving it for some time, would not write the program the same way on a second occasion. The sequence of instructions would most certainly be different. The possibility of two programmers creating identical programs, without copying was compared by the *defendants'* expert witness to the likelihood of a monkey sitting at a typewriter producing Shakespeare.

software, but the process steps which the software directs the computer to perform.[44]

In the last analysis, it must be kept in mind that a computer program or screen display is nothing but a communication, precisely the kind of work traditionally protected by copyright. *Cf. Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240, 1251 (3d Cir. 1983) ("the medium is not the message"), *cert. dismissed*, 464 U.S. 1033 (1984).

Lastly, it bears reminder that, in explaining the rule in *Christiansburg Garment*, 434 U.S. at 420-21, the Court emphasized that the rule does protect a winning defendant appropriately by providing for an award of attorneys' fees where it appears that "the plaintiff's action was frivolous, unreasonable, or without foundation, even though not brought in subjective bad faith." Thus, even if, as Hewlett-Packard claims, the Ninth Circuit rule promotes early settlement, that can only (or at least mainly) be so where it appears that the plaintiff's claim is objectively meritorious. At a time when the federal courts are already heavily burdened, it cannot be well contended that a rule that encourages the early settlement of such meritorious claims is undesirable.

Conclusion

For the foregoing reasons, the judgment of the court of appeals should be affirmed.

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[44] *In re Gelnovatch*, 595 F.2d 32, 44 (C.C.P.A. 1979) (Markey, C.J., dissenting). *See Midway Mfg. Co. v. Artic Int'l, Inc.*, 704 F.2d 1009, 1012 (7th Cir.) ("Plaintiff claims copyrights in audiovisual works--the distinctive set of images and sounds stored in its circuit boards. It does not claim copyrights in the design of those circuit boards, so it matters not that those designs may be patentable"), *cert. denied*, 464 U.S. 823 (1983).

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